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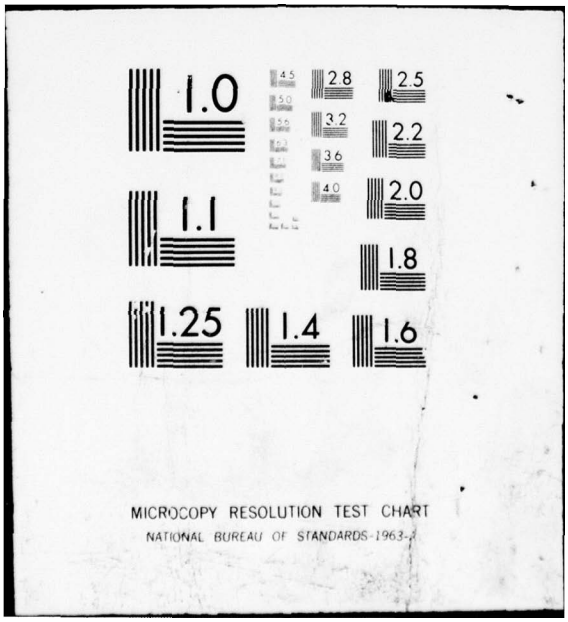
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Wright-Patterson Air Force Base, Ohio

(3) LEVEL II

INSTALLING A BUDGET SYSTEM FOR SUPPLY AND EQUIPMENT EXPENSE ITEMS AT ROYAL AUSTRALIAN AIR FORCE BASES

Squadron Leader Michael C. Coles, RAAF

LSSR 23-78B

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The Directorate of Inventory Resource Management (DIRM-AF) within the Supply Division of the Royal Australian Air Force has been tasked with examining how base operating budgets might be introduced at RAAF bases in order to improve inventory management. The subjects covered in the thesis are: (a) a description of how the USAF base budget system for supply and equipment expenses operates, (b) a comparison of the USAF and RAAF base systems for controlling expenditure on supply and equipment expenses, and (c) an evaluation of the alternative methods of introducing base operating budgets into the RAAF.

LSSR 23-78B

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A Thesis

Presented to the Faculty of the School of Systems and Logistics

of the Air Force Institute of Technology

Air University

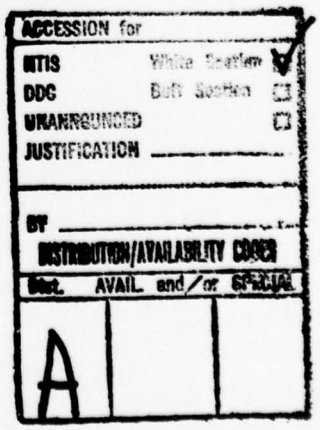
In Partial Fulfillment of the Requirements for the

Degree of Master of Science in Logistics Management

By

Michael C. Coles, BEc
Squadron Leader, RAAF

September 1978



This thesis written by

Squadron Leader Michael C. Coles

has been accepted by the undersigned on behalf of the faculty of the School of Systems and Logistics in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE IN LOGISTICS MANAGEMENT

DATE: 8 September 1978

Darrell N. Fulton
COMMITTEE CHAIRMAN

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CHAPTER I

INTRODUCTION

Problem Statement

The Directorate of Inventory Resource Management (DIRM-AF) within the Supply Division of the Royal Australian Air Force (RAAF) has been tasked with examining how base operating budgets might be introduced at RAAF bases in order to improve inventory management. The base operating budget system employed in the USAF may be appropriate for the RAAF. The problem for DIRM-AF is a lack of detailed knowledge of how the USAF base operating budget system operates and how the system affects base level inventory management.

Background

A long-term objective of the Supply Division within the RAAF has been to incorporate cost considerations into base level inventory management. In 1969, officers of the Supply Division outlined this concept before a committee appointed to inquire into the bases of provisioning employed in the RAAF. Two objectives tabled before the committee were:

1. To include pricing data on the Central Electronic Data Processing (EDP) record; and

2. In the longer term, adopt a concept of unit operating budgets for use resources, particularly consumption resources.

The inclusion of pricing data on the Central EDP record would, for example, furnish unit supply officers with turnover/stock cost ratio data. Trends in the turnover/stock cost ratio would be guides as to whether unit stocks are, *prima facie*, adequate, excessive, or insufficient. In the context of unit operating budgets, the officers appearing before the committee stated that the long-range goal was to "charge" units with all the measurable inventory expenses which they incur. The aim of unit operating budgets would not be to deny units equipment which they genuinely require to fulfill their role. Rather, the objective would be to encourage cost consciousness and provide a strong motivation for the sound management of inventory resources (1:2-9). The objective of including pricing data on the central EDP record has been achieved, and base supply officers are able to obtain reports on turnover/stock cost ratios. The concept of unit operating budgets is still under development.

A major step towards achieving the objective of unit operating budgets has been the development of the

Defence Supply Retail Mini-Computer System (DSRMS) (2). The DSRMS is a base level computer system designed to replace the existing stock control and provisioning systems which are maintained manually. While there is no specific provision currently for the DSRMS to maintain base operating budget data, the system designers have deliberately incorporated a number of data elements into the data base as the foundation for a base budget system, i.e., Customer Code (CUSTC), Expendability, Recoverability, Cost, and Maintenance Code (ERCM), Price (PRICE), and Price Code (PCODE). As an illustration, when an issue is made to a customer, the ERCM code would determine whether the issue should be treated as an expense, and "charged" to the customer, the PRICE and PCODE data elements would establish the dollar amount to be charged, the CUSTC would determine which user to charge, and finally, the associated charges to customers could be stored for producing reports detailing accrued expenses.

The USAF is currently operating two base level computer systems which have aims similar to the DSRMS and the proposed base operating budget, i.e., to computerize base level inventory management, and to encourage cost consciousness on the part of customers acquiring resources from base supply. The USAF systems are:

1. The Automated Materiel System which is run on UNIVAC 1050-II computers (U1050-II system); and

2. The Standard Base Level Accounting System for Operations run on Burroughs 3500 computers (B3500 system).

For the USAF to operate base budgets, these two computer systems must maintain some common data, and in this context the systems are interrelated.

The U1050-II and B3500 systems are subsets of larger USAF systems. The U1050-II systems are an integral part of the USAF Stock Fund system, which is a system for financing inventory operations for consumable items of equipment. The B3500 systems are part of the System for Management of Operations employed by the U.S. Department of Defense. The Stock Fund system and the System for Management of Operations, in common with some other USAF systems, are generally referred to as resource management systems.

The U1050-II and B3500 computer systems monitor base supply customers' expenditures relating to supplies and equipment of an expense nature. In the USAF, items acquired through the Stock Fund System are designated expense items, and they are identified by their Expendability, Recoverability, Repairability, Cost (ERRC) designator. As a general rule, an item is considered an expense if it is consumed in use. The specific criteria used by the U.S. DOD is as follows:

> Materiel consumed in use includes the cost of materiel that is consumed upon issue to the final user or will be consumed shortly thereafter, and also the cost of items which, although not physically consumed in the short run, do not warrant the accounting and centralized logistic management that would be required to treat them as investment items. . . . Consumable-type materiel includes:
>
> 1. End items of equipment--items of equipment having a unit value of less than $1,000 and over which an inventory control point does not maintain centralized individual item management thoughout the supply system down to the user level.
> 2. Nonreparable spares and repair parts including aircraft and missile spares.
> 3. Assemblies, spares and repair parts which, although reparable, (a) are not centrally managed recoverable items, and (b) are not designated as reparable for the reason that repair of unserviceable quantities of the items are not considered by the central inventory manager in requirements determinations.
> 4. Food, clothing and POL items.
> 5. Other expendable supplies and materials.
> 6. All items which have been issued from working capital inventories to the point of furthest transfer or most likely end use (e.g., a combatant ship, battalion, aircraft squadron) even though not yet consumed [8:2].

In the RAAF context, expense items could be identified by applying the above U.S. DOD criteria to the ERCM codes currently being developed.

Research Justification

A description of how the budgetary aspects of the U1050-II and the B3500 USAF systems operate will assist DIRM-AF in terms of providing some guidance as to how base operating budgets might be introduced in the RAAF in order to improve base level inventory management.

Research Questions

To support the research objective, the following questions will be addressed:

1. How does the USAF base budget system for supplies and equipment expenses operate?

2. Does the USAF base budget system provide better control of supplies and equipment expenditure than the RAAF fund control system?

3. If a budget system is desirable, what methods are available for introducing supplies and equipment expense budgets at RAAF bases?

Limitations

Base operating budgets in the USAF are not confined to inventory resource management. The B3500 system maintains data on other resources that are used, e.g., manpower and services. This thesis will limit its attention to those aspects of the U1050-II and B3500 systems which are solely associated with items acquired through the USAF Stock Fund System, i.e., those supplies and equipment designated as expense items.

CHAPTER II

USAF BASE BUDGET SYSTEM

Overview

Organization

For purposes of budgetary management, USAF bases are divided into responsibility centers (RCs). The responsibility centers correspond with the various functional units. For example, in the RAAF context the Barracks Section, Communications Center, or a flying squadron would be designated responsibility centers. Each responsibility center may be subdivided into cost centers (CCs) under the control of the Cost Center Manager. A Resource Advisor is appointed for each responsibility center. Budgetary information is maintained for both the responsibility and cost center levels. A typical base level financial structure is depicted in Figure 1 (7:5).

Spending Authority

The responsibility and cost centers do not have cash at their disposal; instead, they receive spending authority, i.e., funds are alloted to the responsibility/cost centers. The funds alloted are a dispersal of the USAF's Operation and Maintenance (O&M) funds.

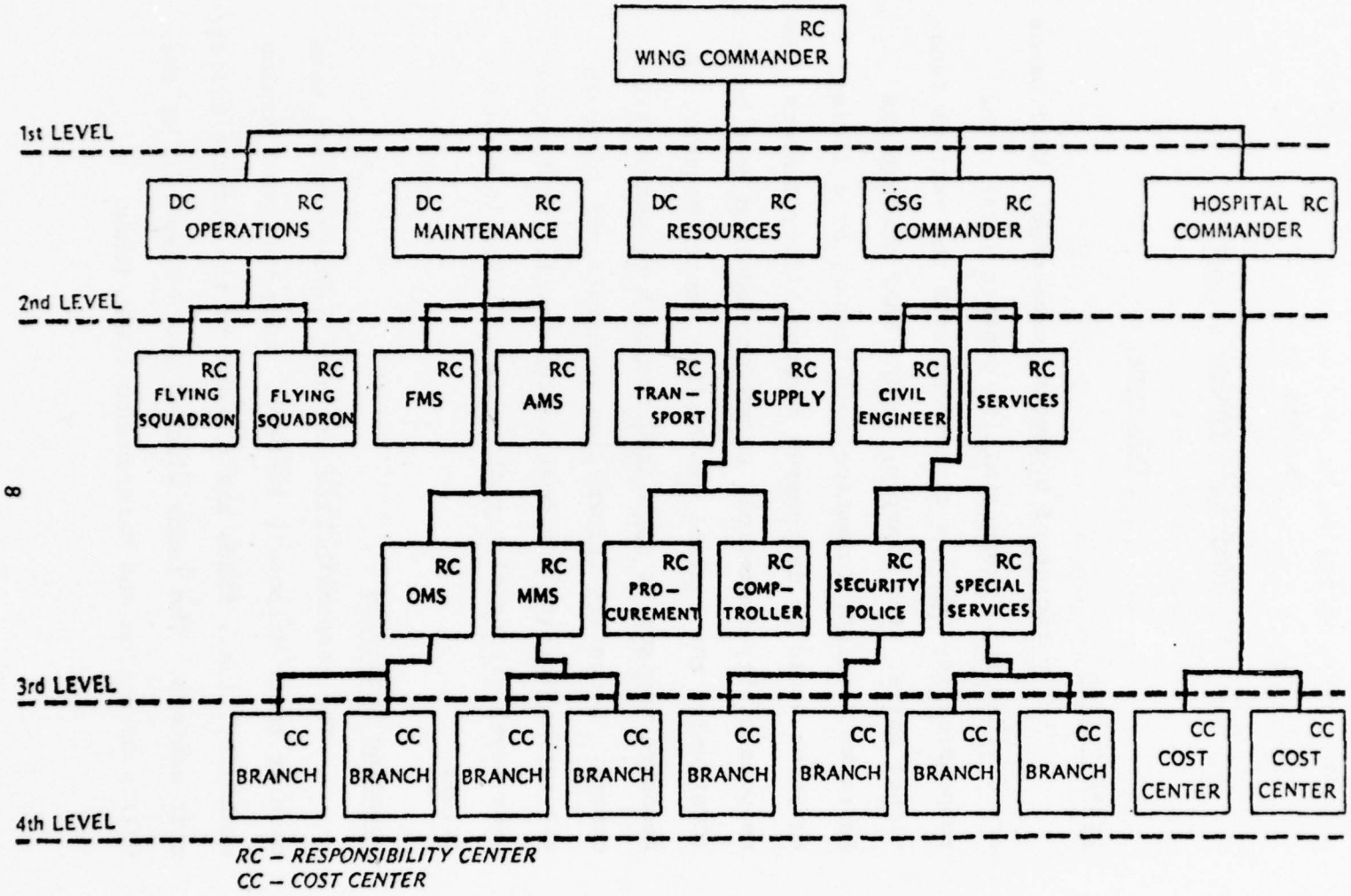

Fig. 1. Base Level Financial Structure (7:5)

When Stock Funded supplies and equipment are acquired through the Supply Section, the cost of the items is deducted from the funds alloted to the responsibility/cost center for supplies and equipment expenses. The funds expended by the responsibility/cost center are transferred to the USAF Stock Fund, and are then available for the Stock Fund manager to use for the procurement of supplies and equipment. In short, each Stock Fund supply or equipment expense transaction results in a transfer of funds from the USAF O&M Appropriation to the USAF Stock Fund. Supplier's claims are charged against the USAF Stock Fund.

Schedule

The basic steps in the base Operations Operating Budget Schedule are:

1. Twenty-one months before the fiscal year commences, Headquarters USAF (HQ USAF) requests each base to submit estimates of their fund requirements;

2. The major commands (MAJCOMs) consolidate and review their bases proposed spending plans;

3. The bases' fund requirements are used by HQ USAF in preparing the Program Objective Memorandum (POM) which recommends the total USAF resource requirements within the parameters of the published Secretary of Defense fiscal guidance;

4. The POM is used in preparing the USAF Budget which, in turn, is an input to the Executive Budget which is presented to Congress in January, i.e., nine months before the start of the fiscal year;

5. At approximately the same time as the Executive Budget is being presented to Congress in January, HQ USAF requests bases to prepare detailed spending plans for the forthcoming fiscal year (the bases are provided with an estimate of the funds that are expected to be available to them through the Defense Budget);

6. The bases' spending plans (tentative budgets) are reviewed by the MAJCOMs and HQ USAF February to September period;

7. Approved spending plans (also called budget authorizations) together with the actual amount of funds now provided by the Defense Budget are forwarded to the bases in September for the commencement of the fiscal year (the United States fiscal year is October 1 to September 30);

8. Details of the spending plan or budget authorization are stored on the B3500 computer; and

9. The fiscal year commences, and as resources are consumed, the dollar amounts involved are deducted from the budget funds recorded on the B3500 computer.

For items obtained through the Stock Fund, approved spending levels are recorded on both the U1050-II and B3500 computers. The USAF base Operations Operating Budget schedule is depicted in Figure 2[1].

Method for Requesting and Apportioning Funds

Budget Preparation

Receipt of Instructions. Bases receive detailed instructions for the preparation of Operations Operating Budgets in January, i.e., nine months before the commencement of the financial year. These instructions are referred to as the "Call." The Call is frequently over one hundred pages long although many of these pages are standard justification formats and not written instructions. Typically, a Call from a MAJCOM to a base will contain the following items:

1. Administrative instructions, i.e., due date, number of copies required, contents of each required section, security classification, etc.

---

[1]In addition to the outlined regarding the base Operations Operating Budget schedule, Figure 2 depicts the U.S. DOD Planning, Programming, and Budgeting cycle. Documents used in the Joint Strategic Planning System are also included, e.g., JSOP Vol. 1 (Joint Strategic Objectives Plan Volume 1). The abbreviation ZBB refers to Zero Base Budgeting. The ZBB technique requires bases to submit a minimum funds requirements level, a current funds requirement level, and an enhanced level.

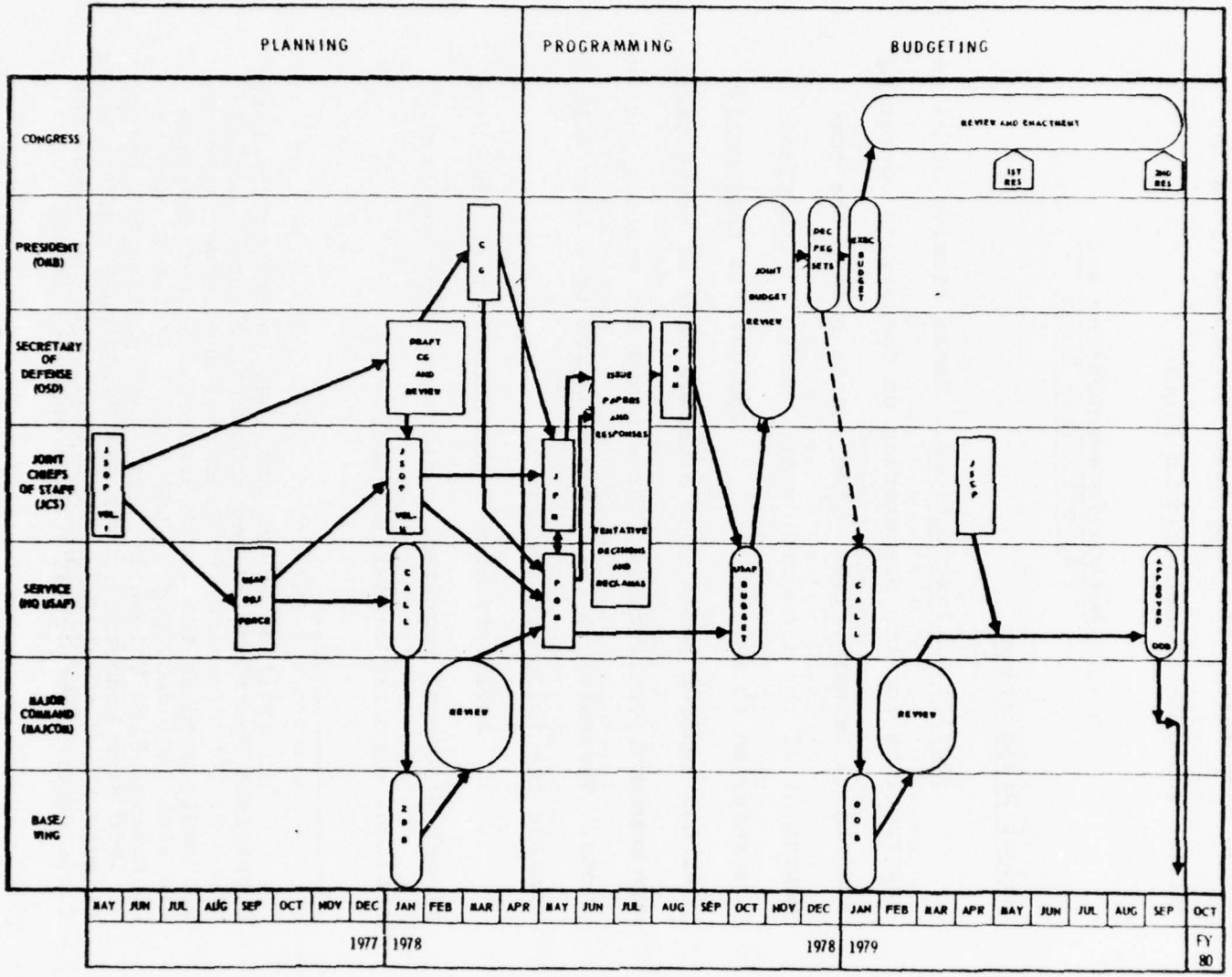

Fig. 2. Planning, Programming, Budgeting Cycle (4)

2. Technical instructions, i.e., ground rules for rounding dollar requests, detailed computational methods, etc.

3. Standardized formats; and

4. Bogey, i.e., the command headquarter's estimate of the bases' future funding (5:127-128).

Distribution of Instructions to Financial Working Group. Each base has a Financial Working Group (FWG) which is composed of Resource Advisors from all responsibility centers. When the bogey is received from the MAJCOM, the base Budget Office may estimate each responsibility center's share of the bogey. The Resource Advisors for the responsibility centers are then advised of their bogey share, and requested to compile their operations operating budget.

Compilation of Operations Operating Budget. The operations operating budget for each responsibility center is divided into Element of Expense/Investment Codes (EEICs). The EEICs categorize the resources that will be acquired/consumed by responsibility/cost centers and charged against the USAF O&M Appropriation. The basic EEIC categories are:

1. Civilian personnel costs;

2. Contract services (rent, utilities, etc.);

3. Temporary duty expenses (travel);

4. Services of government units, i.e., service centers, administrative centers, and centrally provided services; and

5. Supplies and equipment designated expenses and acquired through the stock fund.

Appendix A lists the specific USAF EEICs. EEIC 609, for example, covers general support supplies and materiel obtained through the Air Force Stock Fund. The Resource Advisor for each responsibility center instructs his cost center managers to provide estimates of funds required. Estimates are returned to the Resource Advisor and consolidated into an estimate for the responsibility center. On receipt of the responsibility centers' spending plans, the base Budget Office compiles the Operations Operating Budget for the entire base. Appendix B is an extract from the AFIT 79/80 Operations Operating Budget, and shows the requirements for Stock Funded supplies for five responsibility centers in AFIT. The requirements listed against each EEIC are accompanied by a short explanation of how the required funds will be expended.

Financial Management Board. Before the final Operations Operating Budget is compiled, reviews are

conducted at FWG and FMB meetings. These are high level meetings which include the Wing Commander, Base Commander, Deputy Commander for Operations, Deputy Commander for Resources, etc. They review the overall summary of the plan and make any necessary changes. The Operations Operating Budget is then finalized and sent to the MAJCOM headquarters. The MAJCOMs review and consolidate the Operations Operating Budgets and forward them to HQ USAF for review and approval.

Distribution of Approved Funding

Appropriation Process. In January, when bases are beginning to compile their tentative Operations Operating Budgets in the manner outlined above, the President presents the Federal Budget to Congress. From February until mid-September, the proposed budget is reviewed by Congress and various appropriations committees. By September 15th, a resolution must be approved by Congress setting spending ceilings for the coming fiscal year. Appropriation bills are finalized to be consistent with the ceilings, and the appropriation bills are provided to the President to sign into law. Once the appropriation bill is passed, the USAF then has the legal authority to commence spending money in

the new fiscal year. However, funds must first be distributed to the bases as follows:

1. *Apportionment.* Headquarters USAF requests the Office of Management and Budget (OMB) to apportion funds to the Air Force. OMB issues an Apportionment formally authorizing the USAF to commit funds.

2. *Allocation.* Following the apportionment of funds to HQAF by OMB, HQAF allocates funds to the MAJCOM headquarters.

3. *Allotment.* The MAJCOM headquarters allot their allocated funds to their bases, and notify the bases of their approved funding level for the new fiscal year.

Disbursement of Alloted Funds. Following receipt of allotments, each base has a FWG meeting to discuss the approved funding level and to distribute the funds among the responsibility centers. As a general rule, the difference between the funds requested in the Operating Operations Budget approved by Headquarters USAF, and the funds alloted by the MAJCOM headquarters is distributed across all responsibility centers on a *pro rata* basis unless Resource Advisors reach agreement on another arrangement. FWG's distribution of alloted funds is reviewed by the Financial Management Board (FMB) which is chaired by the Base/Wing commander. When

all RC/CC fund allotments have been approved, they are entered into the B3500 computer. Details of supply and equipment spending targets are also added to the U1050-II data base. The targets recorded in the data bases are then used for the future tracking of funds.

Fund Coding System

Types of Funds

The United States Treasury operates six funds against which expense authority may be granted. Two of the funds are affected by Stock Funded supply and equipment transactions, i.e., the General Fund, and the Revolving Fund. The funds are subdivided into numerous accounts to identify the sources of revenues and the function or purpose of expenditures.

The USAF Operations and Maintenance (O&M) Appropriation is an account in the General Fund (account number 3400). The annual O&M Appropriation covers those EEICs listed in Appendix A and, to reiterate, O&M funds provide for financing day-to-day operating and maintenance costs, i.e., Stock Funded supplies and equipment, civilian pay contract services for maintenance of equipment and facilities, and fuel. The base level responsibility center/cost center budget targets in effect represent a disbursement of the annual USAF O&M Appropriation.

The USAF Stock Fund (account number 4921) is a subdivision of the Revolving Fund. Revolving Funds are authorized by law to finance a continuing cycle of operations. The USAF Stock Fund finances the procurement of supplies and equipment of an expense nature.

Updating USAF Fund Accounts

Details of base level transactions for Stock Funded supply and equipment items are recorded against the USAF Stock Fund and O&M accounts maintained by the United States Treasury. This is achieved by transferring data between U1050-II, B3500, Air Force Accounting and Finance Center (AFAFC), and United States Treasury computers.

When base supply customers demand and receive supplies and equipment, details of the transaction are recorded on the U1050-II supply computer, and then transferred to the B3500 accounting computer. Edits are performed by both computers to ensure that sufficient O&M funds are available for the requisitioning responsibility/cost center. Details of the O&M funded transactions are then transferred from the B3500 computer to the AFAFC, and then to the United States Treasury computer to update both the O&M Appropriation Account, and the Stock Fund Account. The dollar value of the equipment or

supplies acquired by the base supply customer, is deducted from the O&M Appropriation Account and added to the Stock Fund Account.

The United States Treasury record of Stock Fund Account is reduced as supplies and equipment are procured. For example, when a base decides to purchase supplies or equipment, a purchase order is raised and forwarded to the supplier. The supplier submits a claim to the base which is checked against receipt records, and forwarded to the base Accounting and Finance Office so that the supplier may be paid. Details of the payment are applied to the B3500 computer and then transmitted to the AFAFC computer. Subsequently, details of the payment are transferred to the United States Treasury computer and the Air Force Stock Fund Account is reduced by the dollar value of the purchases (6).

Allotment Accounting System[2]

When the O&M Appropriation allotment is received at the base from the appropriate command headquarters, the funds are distributed so that each RC/CC ends up with funds in numerous EEICs. As mentioned previously, the

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[2]The narrative in this section was extracted and/or adapted from the study guide titled: *DOD Resource Management Systems, System for Management of Operations: Accounting and Reporting*, written by Captain Darrell N. Fulton, and Captain Donald D. Wright, AFIT/SL, Wright-Patterson AFB OH, June 1977.

distribution is consistent with the budget authorization approved by the command headquarters. The allotment from the command headquarters is then categorized by EEIC. However, restrictions are usually placed on the funds that can be expended against some selected EEICs, e.g., an upper limit on travel or a lower limit on spending for real property maintenance.

Graphically, the RC/CC and EEIC relationship can be depicted as a two-dimensional matrix, as in Figure 3, in which the grand total of the EEIC totals represents the command headquarters' allotment. The distribution of funds to the various RC/CCs within each EEIC (represented by Y_s) which is accomplished by the base level Financial Working Group, is consistent with the budget authorization. Each column of Y_s must total to the EEIC total for the spending plan. Each row of Y_s could be summed to total "Z" to determine the total funding for the RC/CC. Each and every Y, located at the intersection of an EEIC and an RC/CC, would become a target amount for the organization receiving the allotment.

A control mechanism to prevent overexpenditure is established at the lowest level, represented by each Y in Figure 3. The control mechanism consists of an allotment ledger for each Y, and some associated control procedures. For example, in an RAAF context, the Barracks Section at RAAF Base Fairborn might be CC 201010, and

RC/CC	EEIC								RC/CC Total
	391	392	393	600	601	602	603	(Etc.)	
201010	Y	Y	Y	Y	Y	Y	Y	...	Z
201100	Y	Y	Y	Y	Y	Y	Y	...	Z
201200	Y	Y	Y	Y	Y	Y	Y	...	Z
211010	Y	Y	Y	Y	Y	Y	Y	...	Z
211100	Y	Y	Y	Y	Y	Y	Y	...	Z
(Etc.)	.	.	.	.	.	.	.	...	...
	.	.	.	.	.	.	.		
	.	.	.	.	.	.	.		
EEIC Total	X	X	X	X	X	X	X	...	Grand Total

Fig. 3. RC/CC-EEIC Matrix for an Air Force Base (3:20)

EEIC 407 might represent Air Force Stock Fund equipment, i.e., typical C class issues in the RAAF. The related Y figure might be 3000, indicating that the Barracks Section can only demand $3,000 worth of expense items, as identified by ERC code, from the Central Store during the fiscal year.

The Allotment Ledger

After a quarterly allotment is received by the base and the funds in each EEIC are distributed among the base RC/CCs by the Financial Working Group, the Accounting and Finance Office establishes one account in the allotment ledger for each RC/CC-EEIC combination that results (i.e., one ledger for each Y in Figure 3).

Currently, the ledger is generally maintained on the B3500 data base, although in some locations the manual form of the ledger is still in use. For purposes of illustration, the manual form of the allotment ledger is illustrated in Figure 4 and explained in the following paragraphs.

Allotment Received. In this column, the Accounting and Finance Office enters the budgeted funds available against the listed fund citation. The fund citation is explained in the footnote to Figure 4, but should simply be viewed as a file reference, or computer address, for the RC/CC-EEIC combination. The allotment received

Trans No.	Allotment Received (1)	Accrued Expenses Paid (2)	Accrued Expenses Unpaid (3)	Undelivered Orders Outstanding (4)	Unobligated Commitments (5)	Uncommitted Allotment (6)

Fund Citation: 5793400 309-79A2 111300 A8 628 S667400*

Fig. 4. Allotment Ledger (3:23)

*The elements of the fund citation are: 57--Department (AF), 9--fiscal year, 3400--appropriation symbol (AF O&M), 30--Fund Code, 9--fiscal year, 79--Operating Agency Code, A2--Operating Budget Account Number, 628--RC/CC Code or Nonorganization Account, S667400--Accounting and Disbursing Station Number

figure has the practical effect of placing a ceiling on expenditures against those funds.

Uncommitted Allotment. This column shows the remaining available amount of budgeted funds which have not yet been committed. When an RC/CC-EEIC allotment is received through the command headquarters and Accounting and Finance Office network, the allotment is added to this column to indicate that additional funds are available, as well as being added to the Allotment Received column. When Stock Funded supplies or equipment are acquired by a RC/CC, the associated cost is subtracted from this column.

Unobligated Commitments. This column is used to record estimated amounts that have been set aside to cover the cost of a future expense. In the case of Stock Fund supplies and equipment, due-outs would be recorded in this column.

Undelivered Orders Outstanding and Accrued Expenses Unpaid. These columns are not used for Stock Fund supply and equipment transactions.

Accrued Expenses Paid. This final column is for actual amounts paid. When issues of Stock Fund supplies and equipment are made to a RC/CC, the dollar value is entered in this column.

Sequential Movement of Funds. For issues of supplies and equipment not associated with the release of a due-out, the value of the issue is subtracted from Uncommitted Allotment, and added to Accrued Expenses Paid. When a due-out record is created, the value of the due-out is subtracted from Uncommitted Allotment, and added to Unobligated Commitment. When a due-out is released, the value of the due-out is subtracted from Unobligated Commitment and added to Accrued Expenses Paid. Because of this sequential movement, the sum of all columns except Allotment Received, at any given time, will equal the amount shown in Allotment Received.

The U1050-II and B3500 Systems

Fund Targets

U1050-II Computer. The U1050-II Standard Base Supply System computer maintains fund targets for supplies and equipment for each RC/CC on a base. Supplies are expendables, identified by ERRC codes XB3 and XD3. Equipment is nonexpendable and identified by ERRC codes NF1 and NF3[3]. Both are Stock Funded and considered expenses. The Fund Target--Supplies, and Fund Target--Equipment data elements for each RC/CC are added to the U1050-II data

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[3] XB3--Expendable, User Condemnation.
XD3--Expendable, Depot Repair.
NF1--Nonexpendable, Field Level Repair, less than $200.
NF3--Nonexpendable, Field Level Repair, $200-$1,000.

base at the beginning of the fiscal year. The targets are extracted from the base Operating Operations Budget.

B3500 Computer. The B3500 computer maintains a ledger record for each RC/CC-EEIC combination on a base. The fields in these records correspond to the Allotment Received, Accrued Expenses Paid, Accrued Expenses Unpaid, Undelivered Orders Outstanding, Unobligated Commitments, and Uncommitted Allotment columns depicted in Figure 4. The records are created and the budgeted supplies and equipment figures are extracted from the base Operations Operating Budget and stored in the Allotment Received and Uncommitted Allotment fields.

Typical Supply Transactions

Issue from Existing Stock. RC/CC demands for Stock Fund supplies and equipment are forwarded to the Supply Section for processing by the U1050-II Standard Base Supply System (SBSS) computer. Input to the U1050-II computer is by punched cards or on-line CRT terminal. Output is in the form of punched cards, CRT terminal display, or hard-copy printout. On receipt of the customer demand, details are keyed in to the U1050-II. Computer edits against the ERRC code determine whether the demand is for Stock Funded equipment or supplies. A check is then conducted to see if sufficient funds exist against the responsibility center submitting the demand. If

insufficient funds exist, the demand is rejected and the customer notified. If sufficient funds exist, the data element Net Issues for the demanding CC is increased by the value of the issue. Details of the transaction are then output on a punched card for processing on the B3500 computer. There is no direct communications link between the U1050-II and the B3500 computers. The punched card is processed by the B3500 computer, and the RC/CC-EEIC combination record is updated, i.e., the Uncommitted Allotment field is decreased, and the Accrued Expenses field is increased. Details of the transaction need to be processed by the B3500 for two reasons: First, the B3500 edits and stores details on all O&M transaction for subsequent transmittal to the Air Force Accounting and Finance Center (AFAFC) and, second, the transaction details are required to produce fund control reports used by RC/CC managers. Demands for equipment are processed differently from demands for supplies. All demands for equipment are checked against an authorization list at the Base Equipment Management Office (BEMO) before being processed by the U1050-II computer. The authorization list is similar to the RAAF Table of Entitlement. After approval by the BEMO, equipment demands are processed the same as supply demands.

Credit Turn-Ins. The base Operations Operating Budget/Stock Fund relationship uses a credit turn-in policy to encourage the customer to return excess supplies or equipment to the Supply Section. Every dollar of credit granted on a turn-in directly saves O&M funds. The customer is immediately rewarded by increased buying power. The credit policy is limited to those items that are required by the Stock Fund, i.e., it would not be good business or management practice to purchase items which are not required and would simply be shipped out as excess. The Stock Fund turn-in credit decision chart at Figure 5, depicts the factors governing receipt of credit (9:24-25). The U1050-II computer maintains a record of credit turn-ins. The credit turn-ins increase available funds, and the dollar figure involved is displayed on reports received by the RC/CC manager.

Due-Outs. When equipment or supplies cannot be issued immediately from the Supply Section, a due-out is created, details of the due-outs are recorded by the U1050-II computer. A responsibility center's available funds is then represented by the fund target less reimbursable issues, plus credit turn-ins, less due-outs. However, the U1050-II computer ignores due-outs when checking to see if funds are available. The check is only done when actual issues are being made.

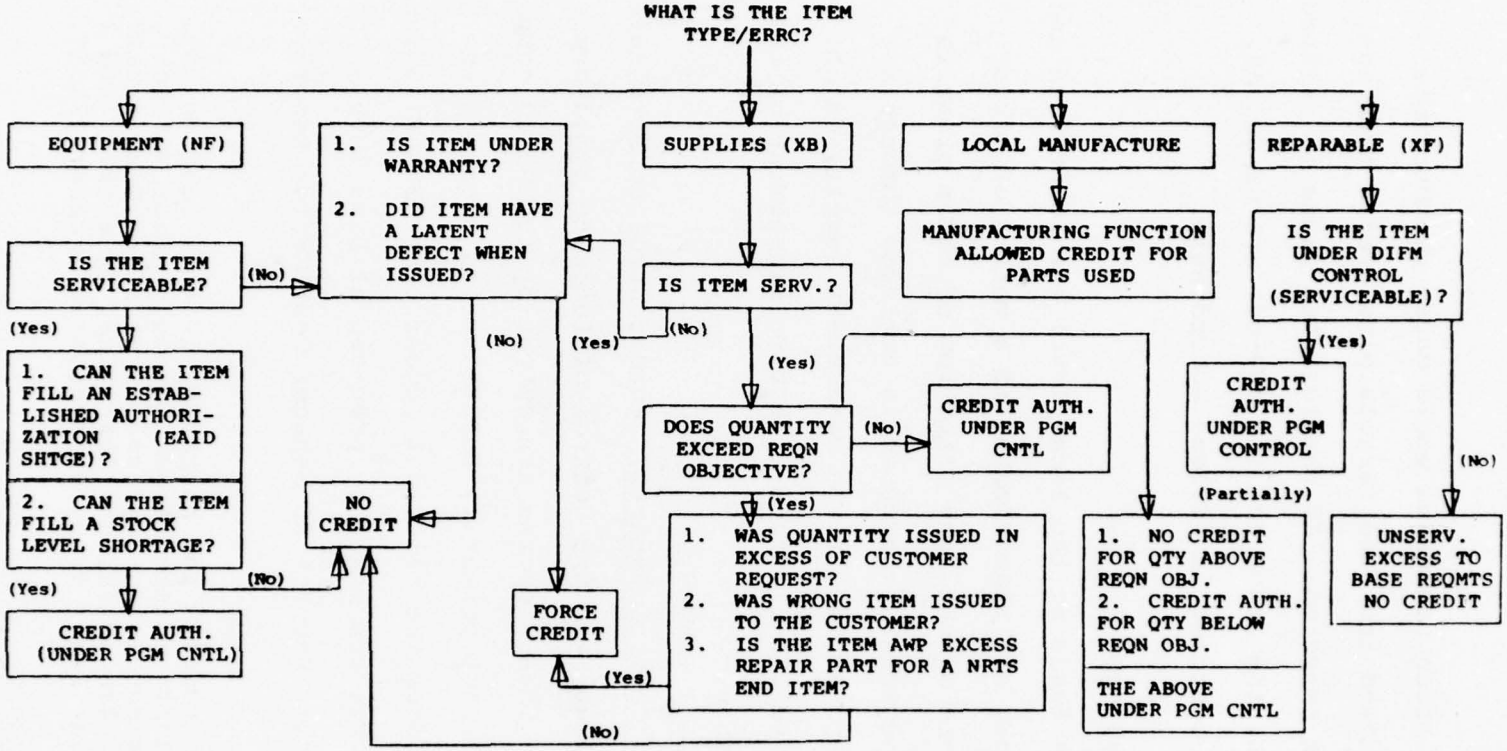

Fig. 5. Stock Fund Turn-In Credit Decision Chart (9:25)

If an issue being processed would cause reimbursable issues to exceed the fund targets plus credit turn-ins, the issue is rejected. If the rejected issue is related to a due-out, the issue and the due-out are cancelled. The due-out customer is advised accordingly.

Reporting Systems[4]

Once funds at the local level are identified and accounted for, all that remains is a method of making managers aware of the fund situation of their organization. The necessary awareness is achieved through a series of reports to various management levels, which, when viewed in total, facilitate effective management of the funds available.

Fund Control Reports. Fund Control Reports have as their primary use the control of funds to avoid over-obligation. These reports are output by the B3500 computer. The reports exist primarily to present to managers the information from the allotment ledger records. Five fund control reports are commonly prepared at base level: RC Manager Monthly Report, RC Manager Cost Center Report,

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[4]The reports and narrative in this section were extracted and/or adapted from the study guide titled: *DOD Resource Management Systems, System for Management of Operations: Accounting and Reporting*, June 1977, and *A Guide for Base Level Resource Management*, January 1977.

RC Manager Inquiry Report, Wing/Base Management Report, and the Operating Budget Account Number (OBAN) Management Report. The first three reports are prepared primarily for the RC Manager. The remaining reports are prepared for use by the wing/base commander directly or for use by comptroller personnel. These reports cover all EEICs, including those covering Stock Fund supplies and equipment. Details of the reports are as follows:

1. *RC Manager Monthly Report.* This mandatory monthly report is to provide the RC manager the comprehensive financial status of his organization at month's end. A separate report is prepared for each responsibility center on the base. On each report, fund information for the RC is shown broken out by EEIC, with each EEIC further shredded out to show each cost center subordinate to the RC which has funds in the EEIC in question. Information shown on each line of the report (Figure 6) includes Annual Budget, which is the target for the year given to the responsibility center by the Financial Working Group; Quarterly Budget, which is the cumulative limit through the current quarter; Expenses, which is the amount of obligations for which goods and services have been received; On Order, which is the amount of obligations for goods and services not yet received (i.e., Undelivered Orders Outstanding); Obligations, which is

Prepared 76 Oct 05 — RC Manager Monthly Report — As of 76 Sep 30 — PCN N370540

Offutt AFB, Nebraska ADSN 504000

AFO O OAC-OBAN: 5650 3800 Air Base Wing

FOR: RCM 53 TRANSPORTATION SQD

Same as RC Manager Inquiry Report

EEIC	FY	RC-CC	MFP	ANNUAL BUDGET	QTRLY BUDGET	EXPENSE	ON ORDER	OBLIGATIONS	% ACT	BALANCE	RES FUNDS
20101	2	534200	08	0	0	9,188	0	9,188	***	0	0
20102	2	534200	08	0	0	209,304	0	209,304	***	0	0
		534242	08	0	0	10,853	0	10,853	***	0	0
20102				0	0	220,157	0	220,157	***	0	0
201 TOTAL				0	0	229,345	0	229,345	***	0	0
391	2	534200	08	3,000	1,700	115	0	115	7	1,585	0
392	2	534242	08	30,000	15,000	13,640	0	13,640	91	1,360	0
393	2	534242	08	3,000	2,000	1,283	0	1,283	64	717	0
408	2	534200	08	700	400	0	0	0	0	400	0
40801	2	534200	08	200	100	111	0	111	111	11-	0
408 TOTAL				900	500	111	0	111	22	389	0
409	2	534200	08	2,200	800	0	0	0	0	800	0
40901	2	534200	08	1,000	500	510	0	510	102	10-	0
409 TOTAL				3,200	1,300	510	0	510	39	790	0
56901	2	534200	08	14,000	7,000	0	0	0	0	7,000	0
		534242	08	0	0	764	0	764	***	764-	0
569 TOTAL				14,000	7,000	764	0	764	11	6,235	0
609	2	534200	08	117,400	60,000	50,335	0	50,335	84	9,665	0
61905	2	534242	08	5,000	3,000	2,609	61	2,670	89	330	4,730
619 TOTAL				5,000	3,000	2,609	61	2,670	89	330	4,730
CFY TOTAL O&M				176,500	90,500	69,367	61	69,428	77	21,072	0
CFY TOTAL MIL PERS						229,345	0	229,345	***	0	0
CFY TOTAL AV POL				0	0	0	0	0	0	0	0
CFY TOTAL OTHER				0	0	0	0	0	0	0	0
CFY TOTAL REIMB				2,800	0	327	0	327	***	0	0
61905	1	534200	08	39	39	4	35	39	100	0	0
619 TOTAL				39	39	4	35	39	100	0	0
PY1 TOTAL				39	39	4	35	39	100	0	0
TOTAL EXPENSE						298,716					

3 and 5 Digit EEIC

6 Digit Cost Center Code

Fiscal Year Designator This report will include prior fiscal years

RC Managers Reimbursable Program targets and status

Expense Distribution Charges and Credits

Aviation POL at Standard Rates

Total of 2XX Military Personnel EEICs

Fig. 6. RC Manager Monthly Report (3:40)

the total of the previous two columns; Percent Actual, which is "Obligations" divided by "Quarterly Budget"; Balance, which is "Quarterly Budget" minus "Obligations" (i.e., amount of money left to spend in the current quarter); and Reserved Funds, which is the amount of money which has been committed but not yet obligated (i.e., Unobligated Commitments). This report includes at least one line for each EEIC for which the responsibility center has funds. If the funds for a given EEIC have been divided among two or more cost centers, then the report will show one line for each cost center. Also, after displaying all lines for the current fiscal year (CFY) and giving appropriate titles, the report goes on to show the status of prior fiscal year (PFY) funds for which the manager is still responsible. Included among the EEICs presented on this report are not only those appropriate to Operations and Maintenance funds (appropriation 3400), but also those appropriate to Military Pay funds (appropriation 3500). Thus, the report is comprehensive of all expense-type items. Conversely, the report does not include investment items from the Procurement, Research and Development, or Military Construction appropriations.

2. *RC Manager Cost Center Report.* This optional monthly report (Figure 7) is to provide the RC manager the comprehensive financial status of his organization at month's end, but it is intended for the manager who prefers to review his activities by cost center, with each cost center broken out by EEIC. The report presents the same information as the RC Manager Monthly Report, except that the previous report broke out the activity by EEIC, with each EEIC broken out by cost center. The report would be more useful to an RC manager who was in the habit of reviewing the financial status of each cost center separately. The report would also be more useful in discussing cost center status with the manager of a given cost center, since it provides groupings by cost center and shows total expenses for each cost center.

3. *RC Manager Inquiry Report.* This report, prepared only on request, provides the RC manager with the capability to obtain almost immediate knowledge of his activity's financial status at a given point in time. The report may be requested periodically during the month to obtain updated financial status information during a critical period of operation. The report (Figure 8) is printed in EEIC order at the three-digit level of EEIC. The manager has an option of receiving

Prepared 76 Oct 05 — RC Manager Cost Center Report — As of 76 Sep 30 — PCN M370543

Offutt AFB, Nebraska ADSN 504000

AFO O OAC-OSAN: 6630 3800 Air Base Wing
FOR: RCM 53 TRANSPORTATION SQD

RC-CC	FY	EEIC	MFP	ANNUAL BUDGET	QTRLY BUDGET	EXPENSE	ON ORDER	OBLIGATIONS	% ACT	BALANCE	RES FUNDS
534200	2	20101	08	0	0	9,188	0	9,188	***	0	0
		20102	08	0	0	209,304	0	209,304	***	0	0
TOTAL		201		0	0	218,492	0	218,492	***	0	0
		391	08	3,000	1,700	115	0	115	7	1,585	0
		408	08	700	400	0	0	0	0	400	0
		40801	08	200	100	111	0	111	111	11-	0
TOTAL		408		900	500	111	0	111	22	389	0
		409	08	2,200	800	0	0	0	0	800	0
		40901	08	1,000	500	510	0	510	102	10-	0
TOTAL		409		3,200	1,300	510	0	510	39	790	0
		56901	08	14,000	7,000	0	0	0	0	7,000	0
		609	08	117,400	60,000	50,335	0	50,335	84	9,665	0
534200 TOTAL				815,700	409,100	269,563	0	269,563	66	139,537	0
534242	2	20102	08	0	0	10,853	0	10,853	***	0	0
		392	08	30,000	15,000	13,640	0	13,640	91	1,360	0
		393	08	3,000	2,000	1,283	0	1,283	64	717	0
		56901	08	0	0	764	0	764	***	0	0
		61905	08	5,000	3,000	2,609	61	2,670	89	330	4,730
534242 TOTAL				38,000	20,000	29,149	61	29,210	146	9,210-	4,730
534200	1	61905	08	39	39	4	35	39	100	0	0
534200 TOTAL				39	39	4	35	39	100	0	0
PY1 TOTAL				39	39	4	35	39	100	0	0
TOTAL EXPENSES						298,716					

Fig. 7. RC Manager Cost Center Report (3:43)

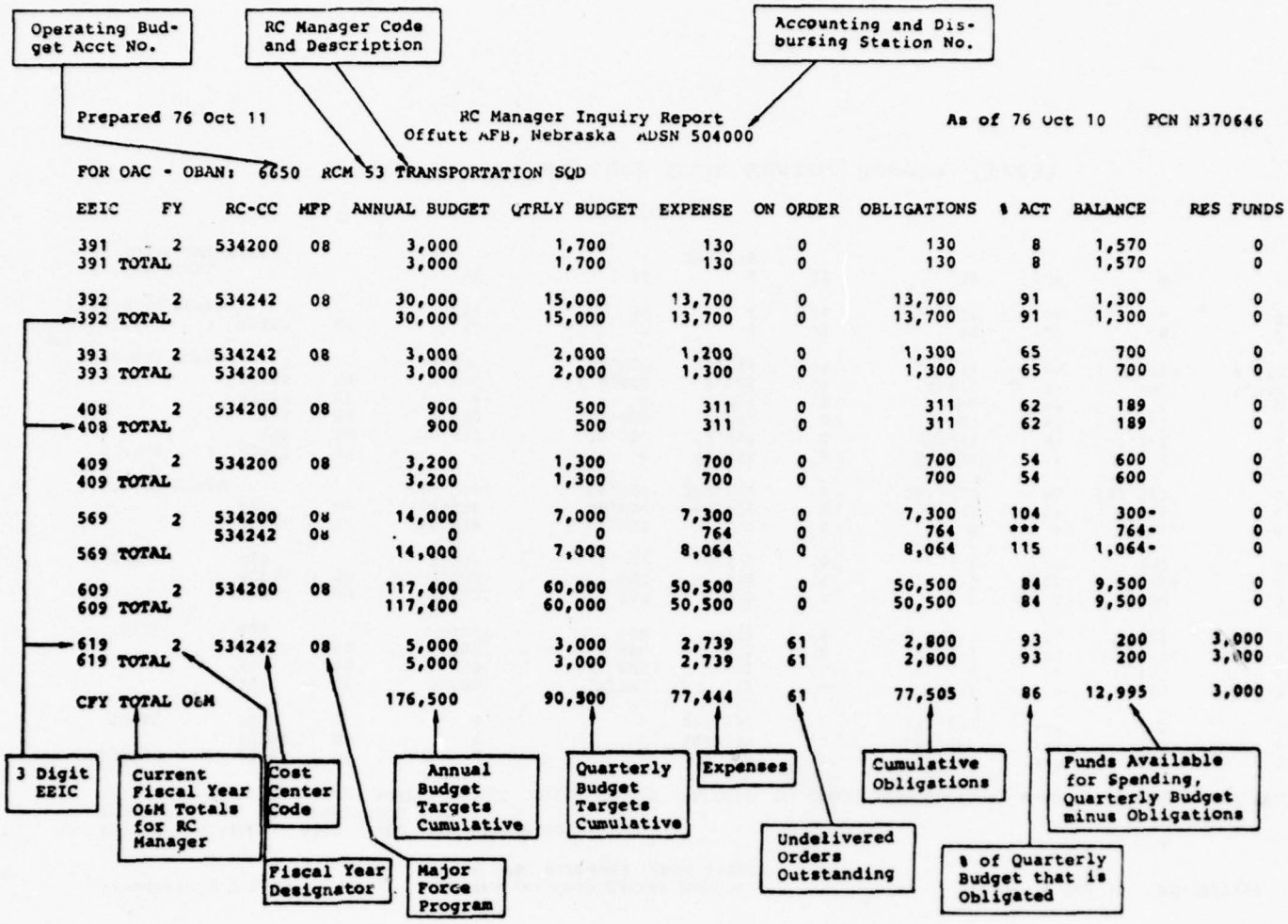


Fig. 8. RC Manager Inquiry Report (3:49)

cost center detail, in which case each EEIC is broken out into one line for each cost center plus a total line, or not receiving cost center detail, in which case only the total line is shown. In either case, the information items shown on each line are exactly the same as on the RC Manager Monthly Report, but the data is current through the report preparation date.

4. *Wing/Base Management Report.* This mandatory monthly report is to provide the Wing/Base Commander with summary totals of the financial status of the responsibility centers in his organization. The body of this report (Figure 9) displays one line for each responsibility center subordinate to the Wing/Base. On each line the data elements shown are the same as those on the RC Manager Monthly, RC Manager Cost Center, and RC Manager Inquiry Reports. The total amounts shown on each line for a given data element exclude military personnel, aviation POL, and "other", which consists of expense distributions for other responsibility centers and credits. The report therefore includes only those items which are actually available to RC managers for obligation. None of the three exclusions are normally available for obligation at the RC level, since military pay is centrally obligated by AFAFC, aviation POL is centrally obligated on base, and expense distributions and credits

Prepared 71 Nov 05 Wing/Base Management Report As of 71 Oct 31 PCN M370541
Sookey Hill AFB, Kansas ADSN 504000

AFO 0 OAC - OBAN: 6650 3800 Air Base Wing

FY	RC-MGR	ANNUAL BUDGET	QTRLY BUDGET	EXPENSE	ON ORDER	OBLIGATIONS	%ACT	BALANCE	RES FUNDS
2	501010	461,600	211,900	127,272	0	127,272	60	84,628	0
2	501040	151,100	74,500	41,613	0	41,613	56	32,887	0
2	501042	15,000	5,000	5,224	0	5,224	104	224 -	0
2	5110	299,641	144,641	86,609	2,782	89,391	62	55,250	133
2	521	7,211,648	2,823,259	2,781,741	10,315	2,792,056	73	1,031,203	10,141
2	53	176,500	90,500	69,367	61	69,428	77	21,072	4,730
2	55	6,500,000	3,300,000	1,981,503	8,000	1,989,503	60	1,310,497	6,300
2	57	8,877,200	3,900,000	2,221,499	9,000	2,230,499	57	1,669,501	6,700
CFY TOTAL O&M		15,672,689	7,539,800	4,600,311	30,158	4,630,469	61	2,909,331	28,004
CFY TOTAL MIL PERS		8,020,000	4,010,000	2,714,517	0	2,714,517	68	1,295,483	0
CFY TOTAL AV POL		0	0	0	0	0	0	0	0
CFY TOTAL OTHER		0	0	0	0	0	0	0	0
GRAND TOTAL		23,692,689	11,549,800	7,314,828	30,158	7,344,986	64	4,204,814	28,004

Fig. 9. Wing/Base Management Report (3:51)

from other responsibility centers result from obligations in those responsibility centers, rather than in the manager's own center. Summarized accounts for these three items are shown at the bottom of the report, each on a separate line, and added to O&M to arrive at a grand total. The Wing/Base Management Report is often furnished to the Comptroller, Management Analysis officer, and/or Budget officer on the base, who, in turn, is asked to brief the Commander on its contents. If the report indicates a problem in the financial condition of a responsibility center, the RC Monthly Manager's Report for that RC is usually made available to provide additional detail by element of expense and/or cost center within that RC. Using the combination of reports, the Commander can review the overall condition of his subordinate RCs and review additional detail for those RCs which require attention.

5. *Operating Budget Account Number (OBAN) Report.* This mandatory monthly report is to provide the Wing/Base Commander with summary totals for each EEIC in which any of his subordinate RCs have funds. The body of this report (Figure 10) displays one line for each three-digit EEIC for which the Wing/Base has funds during the current fiscal year. This report complements the Wing/Base Management Report, which presents information

Prepared 71 Nov 05 — OBAN Management Report — As of 71 Oct 31 — PCN N370452

Smokey Hill AFB, Kansas ADSN 504000

AFO 0 OAC - OBAN: 6650 3800 Air Base Wing

EEIC	FY	ANNUAL BUDGET	QTRLY BUDGET	EXPENSE	ON ORDER	OBLIGATIONS	%ACT	BALANCE	RES FUNDS
201	2	8,020,000	4,010,000	2,714,517	0	2,714,517	67	1,295,483	0
391	2	118,200	111,000	99,584	0	99,584	84	11,416	0
392	2	11,870,700	5,655,700	3,406,039	0	3,406,039	60	2,249,661	0
393	2	1,500,000	500,000	310,196	0	310,196	62	189,804	0
408	2	13,100	7,800	4,344	0	4,344	55	3,456	0
409	2	62,700	30,900	16,104	0	16,104	52	14,798	0
495	2	106,000	55,400	36,238	0	36,238	65	19,162	0
529	2	145,200	132,000	14,879	4,245	19,124	14	112,877	10,260
569	2	161,800	136,300	104,643	15,801	120,444	88	15,857	9,417
609	2	1,292,000	701,700	466,225	0	466,225	66	235,475	0
619	2	84,489	49,800	27,318	10,112	37,430	75	12,370	8,327
628	2	318,500	159,200	114,741	0	114,741	72	44,459	0
CFY TOTAL O&M		15,672,689	7,539,800	4,600,311	30,158	4,630,469	61	2,909,333	28,004
CFY TOTAL MIL PERS		8,020,000	4,010,000	2,714,517	0	2,714,517	68	1,295,483	0
CFY TOTAL AV POL		0	0	0	0	0	0	0	0
CFY TOTAL OTHER		0	0	0	0	0	0	0	0
GRAND TOTAL		23,692,689	11,549,800	7,314,828	30,158	7,344,986	64	4,204,816	28,004

Fig. 10. OBAN Management Report (3:53)

arrayed by responsibility center, in that the OBAN Report arrays the same information by EEIC. This report is distributed and used in the same manner as the Wing/Base Management Report, but is less useful to the Commander, since it does not include an organizational break out of financial status. The OBAN Management Report is often most useful to the budget officer in that it summarizes all organizations within the Wing/Base into a single line for each EEIC, which can be tied back to the Wing/Base budget summary. Each of the local-level fund control reports are produced for base level managers to inform them of the financial status of their organizations and/or subordinate parts. Similarly, the major command (MAJCOM) to which the wing or base is assigned needs information on the financial status of the overall Wing/Base. The primary report which provides this information is the Monthly Operating Report. This report, not illustrated here, summarizes all expenses for the Wing/Base by EEIC (five-digit). All EEICs, expense and investment alike, and the status of funds therein are reported to the MAJCOM to enable the command to monitor Wing/Base progress toward expending the funds available. A similar report, which includes the status of funds throughout the command, is prepared monthly by each MAJCOM and forwarded to HQ USAF for monitoring. These reports, in turn, are consolidated

by HQ USAF into a similar Air Force-wide report which goes to DOD. Thus, each level of command, from the responsibility center manager to officials at the DOD receive funds status reports on subordinate echelons to assure spending at those lower level activities is progressing at an "acceptable" rate.

Materiel Expense Management Reports. Material Expense Management Reports are produced by the U1050-II computer. An explanation of the more common codes displayed on these reports is given in Appendix C. Details of the reports are as follows:

1. *Daily Document Register (Figure 11).* This report is produced daily. Shop and CC managers use the report to closely monitor all equipment and supply buys and credit turn-ins.

2. *Due-Outs Validation Listing (Figure 12).* This report shows the status of all unfilled requisitions. Resource Managers can control due-outs by verifying their need, cancelling them when no longer required, and signing and returning a copy of the report to Base Supply once a month.

3. *Cost Center List (Figure 13).* This report provides the Cost Center Manager (CCM) with the current status of supply and equipment funding. The CCM uses this report to monitor and control expenditures for all

25 SEP 76 (PART 3) DAILY DOC REG & ITEM SURVEILLANCE LIST(D04/B04-33) TA B 01 4200 DATE 5268 PAGE

STOCK NUMBER_____ ERC FAC IP R/I UI NOMENCLATURE_____ QTY_____ EX COST_____ AC MARK FOR___ S/A__ TIC DOCUMENT NUMBER_____

FB IC	TP	TRANS PHRASE	DOLD	ENDING BAL....	TRAN DATE	SER NBR..	DOLT	STA ADV	O F	F C	STOCK NUMBER REQ....	REASON Y
				255 11 0MAT SQ BASE SUPPLY BOLLING AFB DC 20332								
7910 00 058 0538		NF35 000 P8 JBB BEA CLEANER VACUUM ELE					1	$100.00				PC1 R2553U 0000
9	4N	LOAD IN-USE RD	0000	000000	5268	05825	5268		)		006AA00	
7910 00 267 1207		NF34 000 AZ 8 TEA CLEANER VACUUM 115					1	$188.00				DUO R2553U 5268
9	2D	+ADD DO DET		000001	5268	05839	5245		)			
4240 WP52399 00		XB35 000 MJBB OMF WASH POST R2555 00003500					2	$9.18				LPS R2553U 5239
9	4A	U/I - U/P CHG		000002	5268	02547	5268	U		PR	00003959	
4240 WP52399081		XB35 000 MJBB OFR WASH POST R2555 00003500					2	$9.18				LPS R2553U 5239
9	4A	U/I - U/P CHG		000002	5268	02552	5268	U		PR	00003959	
3835 00 372 4459		XB35 680 P 8 SEA SPLICING TAPE					47	$94.00		F		TIN R2553U 5268
D 9	1B	+ITEM RECORD	4267	000047	5268	08647	4323		Z	E		A
8020 L0043644200		XB34 330 CZ V501 REA BRUSH PAINT 5Z 2 IN					6	$18.30	CE			ISU R2553U 5268
D 9	1A	-ITEM RECORD	5266	00000	5268	07230	5268		X	B	8020L0043644200	
7920 00 530 5740		XB34 330 CZ V501 REA SQUEEGEE, 24 IN BLAD					4	$7.00				ISU R2553U 5268
D 9	1A	-ITEM RECORD	5259	000005	5268	08839	5259		X	D	7920005305748	

TOTAL THIS SHOP CODE	ISU	DUO	DOR-O/T	DOR-D	DUO-NAS	DOC	TOT
	2	0	0	0	0	0	

BC: (Budget Code) BC 1 or 9 is your money.
Stock Number: This will be the S/N that was actually input into the system. Is it Correct?
ERRC: (Expendability, Recoverability, Repairability Code) Is it expendable, nonexpendable? Can it be repaired?
FAC: (Financial Accounting Code - referred to as FIA code). Did you pay for the item? Receive credit?
IP: (Issue Priority) Did you get the priority requested?
R/I: (Routing Identifier) Source of supply.
UI: (Unit of Issue) Is this what you expected? If you asked for 100 ea, did supply change the UI to Hd (hundred). If so, was the quantity (QTY) changed to one?
QTY: (Quantity) An important item to check.
Ex Cost: (Extended Cost) Total cost of the transaction - not the unit cost.
TIC: (Transaction Identifier Code) An important code that tells you what happened to your request:
- ISU: (Issue) Item requested was on hand and issued. Did you receive it? Was it correct?
- DUO: (Due Out) Item has been back ordered.
- DOR: (Due Out Release) Back order has been received and issued.
- DOC: (Due Out Cancellation) Order has been killed.
- TIN: (Turn In) Item given back to base supply. Did you get credit?

Fig. 11. Daily Document Register and Item Surveillance List (7:48)

19 SEP 76 DUE-OUT VALIDATION LISTING (D18/830-97) 01 4200 DATE 5262 PAGE

EQUIPMENT PART 3 ACT/ORG/SHOP E900FD

STOCK NUMBER	NOUN	ERC	UI	RID	MARK FOR	SUP AD	DD	DOOB	BC	TOTAL $ VALUE	TX	DM	QTY	D/O DOC NUMBER	JC	M
5835B0129774200	VOICE RECO	NF3	EA	JBB	000008XUR	A00009	HGT		Z	$3,550.00		I	1	E900FD 43640006	AZ	0
6130 00 882 8724	CHARGER BA	NF3	EA	FFZ	000008XUR	A00009	HG1		A	$201.00		I	1	E900FD 51130034	BR	0
4240 00 574 4898	TOOL RESCU	NF3	EA	JBB	000006XUR	A00009	HG1		Z	$4,000.00		I	1	E900FD 51480038	BR	1
7105 00 269 5342	TABLE W-DR	NF3	EA	JBB	000008XUR	A00009	HG1		9	$46.79		I	1	E900FD 60622007	BR	0

DOLLAR VALUE SUMMARY TOTALS

	MEMO	FIRM	TOTAL
INVESTMENT	$4,000.00	$3,751.00	$7,751.00
EXPENSE	$.00	$46.79	$46.79
TOTAL	$4,000.00	$3,797.79	$7,797.79

I CERTIFY THAT EACH DUE-OUT HAS BEEN REVIEWED WITH THE ULTIMATE USER AND THAT ALL ITEMS REMAINING ON THE LISTING ARE CONSIDERED A VALID REQUIREMENT FOR RETENTION ON BACK ORDER.

John Doe Capt. 25 Sep 76 Custodian

SIGNED BY RESPONSIBLE OFFICIAL | GRADE/RANK | DATE | POSITION TITLE

ERC: Expendability, Recoverability, Repairability Code

UI: Unit of Issue

RID: Routing Identifier

DD: Delivery Destination

BC: Budget Code

TX: Transaction Exception Code

DM: Demand Code: "I" - Initial; "R" - Recurring "N" - Nonrecurring

JC: Urgency Justification Code: Either A, B or C in first position to indicate priority.

M: Status of Order: (0) is firm and (1) is memo

Fig. 12. Due-Out Validation Listing (7:50)

RPTM03

ORGANIZATION COST CENTER LIST (991-16/M03)
FOR ORG 339 160TH TAC RECON

27 AUG 76 MONTGOMERY AL OPTION 1, 2, 4 A1 6012 DATE 6240 PAGE 1

FUND CODE	OAC/OBAN	MFP/PJ	RC/CC	PFMR	TYPE	SD
NS	4101	44810	993390	741	G	A1

FUND TARGET - SUPPLIES $3,574.00
FUND TARGET - EQUIPMENT $.00

DESCRIPTION	EEIC	CFY NET ISSUES	CFY NET ISSUES THIS PERIOD	CFY OBLIGATED DUE OUTS	PFY NET ISSUES	PFY NET ISSUES THIS PERIOD	PFY OBLIGATED DUE OUTS
GSD-UTILITY-SOLID	600	$.00	$.00	$.00	$.00	$.00	$.00
GSD-PACKAGE POL	602	$.00	$.00	$.00	$.00	$.00	$.00
SSD-SUPPLIES	605	$543.82	$.00	$.00	$.00	$.00	$.00
CLOTHING	608	$.00	$.00	$.00	$.00	$.00	$.00
GSD-SUPPLIES	609	$730.10	$56.39	$.00	$.00	$.00	$.00
GSD-EQUIPMENT	628	$.00	$.00	$.00	$.00	$.00	$.00
FUEL-GROUND-BULK	641	$.00	$.00				
FUEL-GROUND-UTILITY	642	$.00	$.00				
FUEL-AVIATION-NON FLY	693	$.00	$.00				

MEMO TOTALS:

UNOBLIGATED DUE OUTS:	
GENERAL SUPPORT DIVISION SUPPLIES	$87.87
GENERAL SUPPORT DIVISION EQUIPMENT	$.00
SYSTEMS SUPPORT DIVISION	$236.50
CLOTHING DIVISION	$.00
UNFUNDED DUE-OUTS:	
STOCK FUND - SUPPLIES	$.00
STOCK FUND - EQUIPMENT	$.00
NONREIMBURSABLE ISSUES:	
STOCK FUND - SUPPLIES	$35.34-
STOCK FUND - EQUIPMENT	$.00
INVESTMENT ISSUES:	$132.79
FORCED CHARGES (1PU):	
STOCK FUND - SUPPLIES	$.00
STOCK FUND - EQUIPMENT	$.00

Fig. 13. Organization Cost Center List (7:52)

shops under his supervision. A sample control chart (trending device) used in conjunction with this report is shown in Figure 14.

9. *PFMR/OCCR Update and Reconciliation (Figures 15 to 18).* This report is produced daily in four parts for use by the RC Manager as follows:

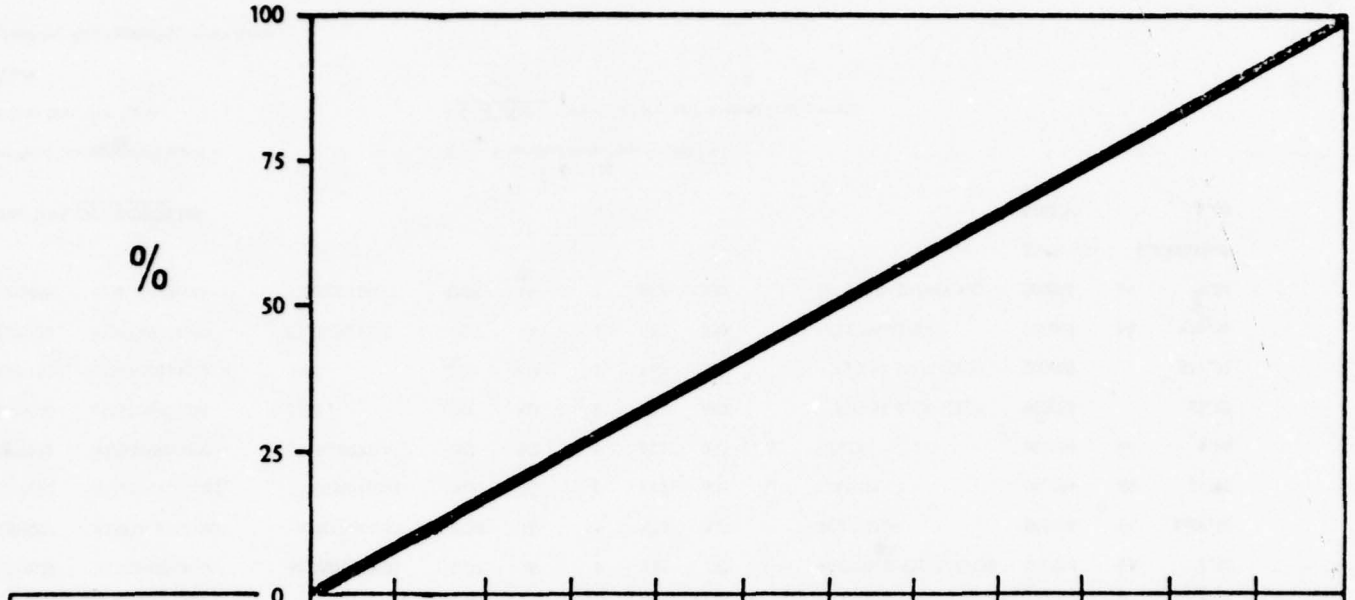
a. *Audit List (Figure 15).* Indicates the transactions and their net effect in terms of dollars expended since the last report.

b. *OCCR Update (Figure 16).* This section of the report provides the current status of supply and equipment funds for each OCCR. The CC manager uses this to obtain his current fund balances and net effect of transactions for the prior day.

c. *Reconciliation (Figure 17).* This section of the report provides the current status of supply and equipment funding by OCCR for the total Project Fund Management Record (PFMR) for the Responsibility Center (RC) Manager. This section is used to monitor and control expenditures by Cost Center.

d. *PFMR Status List (Figure 18).* This section provides the current status of supply and equipment funds for the total PFMR by RC.

10. *Project Fund Management Report (PFMR)--Figure 19.* This report is provided to the RC Manager twice weekly.



FISCAL YEAR	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
ANNUAL TARGET												
CUM. EXPENSE												
% EXPENDED												
NET MONTHLY EXPENSE												
FIRM DUE-OUTS												

Fig. 14. RC/CC Annual Program Chart (7:71)

PFMR MANAGER JOHN DOE
-AUDIT LIST-

PFMR	SERIAL NR	DOCUMENT NUMBER	STOCK NUMBER	TRIC	TTRC	BC	ERRC	FIA	TEX	NOMENCLATURE	QUANTITY	UI	EXT PRICE
673	502324271	R158FM50070163	5306006794637YZ	DOR	1A	1	XB3	330		BOLT SHOULDER	000001	EA	$1.63
673	50230075	X158SM50130105	5920005575033	DOR	1A	9	XB3	330		FUSE 8AMP 250V	000005	EA	$.45
673	502304779	X158SM50130136	4730002276933	DOR	1A	9	XB3	330		PIPE REDUCER	000002	EA	$.68
673	502327823	X158SM50140047	5330002483831	DOR	1A	9	XB3	330		PACKING PRE A44-166	000005	EA	$.10
673	502306207	X158SM50170187	5306003214757CU	DOR	1A	1	XB3	330		BOLT SELF	000006	EA	$459.66
673	502302813	X158SM50230083	5310008016068	ISU	3Q	9	XB3	330	6	WASHER	000001	EA	$1.92
673	502302812	X158SM50230084	530500837181	ISU	3Q	9	XB3	330	6	SCREW	000004	EA	$.20
673	502326540	L158TI50201025	5100	BST	8U	9	XB3	440		FSG 51 BULK ISSUE	000005		$2.77
673	502308252	L158TI50211002	5100	BSS	4M	9	XB3	330		FSG 51 BULK ISSUE	000009		$21.52
673	502305130	P158TI43151040	512000424171	DOR	1A	9	XB3	330		WIRE TWISTERS	000001	EA	$10.50
673	502300445	P158TI50131041	5120005958197	DOR	1A	9	XB3	330		BIT SCREWDRIVER NO	000001	EA	$.08
											SUPPLIES		EQUIPMENT
673	TOTAL THIS OCCR CODE 158										$493.97		$.00

PFMR: Project Fund Management Record

TRIC: Transaction Identifier Code

BC: Budget Code

ERRC: Expendability, Recoverability Repair Code

FIA: Financial Inventory Account Code

OCCR CODE: Identifies the cost account/cost center

Fig. 15. PFMR/OCCR Update and Reconciliation Report--
Audit List (7:53)

23 JAN 76 PFMR/OCCR UPDATE AND RECONCILIATION (P69-50/D11) 01 4608 DATE 5023 PAGE 308

PFMR MANAGER JOHN DOE
-OCCR UPDATE-

PFMR					SUPPLIES	EQUIPMENT
673 TOTAL THIS OCCR 158					$493.97	$.00
SRAM MAINT			PRIOR STATUS	CURRENT STATUS	NET CHANGE	
SYSTEM DESIGNATOR 01	FUND TARGET	- SUPPLIES	$37,368.00	$37,368.00	$.00	
	OBLIGATED D/O		$.00	$.00	$.00	
DOLU XXXX	NET ISSUES		$30,432.24	$30,926.21	$493.97	
	BALANCE		$6,935.76	$6,441.79	$493.97-	
	UNOBLIGATED D/O		$7,553.95	$7,097.31	$456.64-	
	NET NON-REIM		$2,614.20-	$2,614.20-	$.00	
	FUND TARGET	- EQUIPMENT	$14,400.00	$14,400.00	$.00	
	OBLIGATED D/O		$.00	$.00	$.00	
	NET ISSUES		$9,335.63	$9,335.63	$.00	
	BALANCE		$5,064.37	$5,064.37	$.00	
	UNOBLIGATED D/O		$8,920.35	$8,928.35	$.00	
	NET NON-REIM		$523.50-	$523.50-	$.00	
	NET INVESTMENT		$6,226,114.36	$6,241,816.36	$15,702.00	
			PRIOR FISCAL YEAR STATUS			
	OBLIGATED D/O	- SUPPLIES	$.00	$.00	$.00	
	NET ISSUES		$.00	$.00	$.00	
	OBLIGATED D/O	- EQUIPMENT	$873.06	$873.06	$.00	
	NET ISSUES		$4,880.43	$4,880.43	$.00	

DOLU identifies last previous activity.

Fig. 16. PFMR/OCCR Update and Recondiliation Report--OCCR Update (7:54)

09 JUL 76

PFMR/OCCR UPDATE AND RECONCILIATION (969-02/D11)
PFMR 504 MANAGER 4800 BASE CIV ENG
-RECONCILIATION-

01 4208 DATE 6191 PAGE 16

DOLU

OCCR	RCCC		FUND TARGET	OBLIGATED D/O	NET ISSUES	AVAILABLE BAL	UNOBLIG D/O	PY OBLIG D/O	PY NET ISSUES
1001	CIVIL ENG SQDN		DOLU						
121	144400	SUPPLIES	$10,001.21	$.00	$6,050.31	$3,950.90	$.00	$.00	$.00
		EQUIPMENT	$20,001.21	$.00	$1,210.04	$18,791.17	$.00	$.00	$.00
1002	CIVIL ENG SQDN		DOLU						
132	144440	SUPPLIES	$10,001.32	$.00	$6,600.37	$3,400.95	$.00	$.00	$.00
		EQUIPMENT	$20,001.32	$.00	$1,320.84	$18,681.28	$.00	$.00	$.00
MIKE'S-ISU/TIN/RVP SQ			DOLU						
332	144401	SUPPLIES	$10,000.00	$.00	$.00	$10,000.00	$.00	$.00	$.00
		EQUIPMENT	$.00	$.00	$.00	$.00	$.00	$.00	$.00
A&F RETAIL SYSTEM TEST			DOLU						
360	144407	SUPPLIES	$10,000.00	$.00	$.31	$9,999.69	$.00	$.00	$.00
		EQUIPMENT	$20,000.00	$.00	$.04	$19,999.96	$.00	$.00	$.00
A&F RETAIL SYSTEM TEST			DOLU						
361	144407	SUPPLIES	$10,000.00	$.00	$.31	$9,999.69	$.00	$.00	$.00
		EQUIPMENT	$20,000.00	$.00	$.04	$19,999.96	$.00	$.00	$.00
A&F RETAIL SYSTEM TEST			DOLU						
368	144406	SUPPLIES	$10,000.00	$.00	$.31	$9,999.69	$.00	$.00	$.00
		EQUIPMENT	$20,000.00	$.00	$.04	$19,999.96	$.00	$.00	$.00
A&F RETAIL SYSTEM TEST			DOLU						
369	144406	SUPPLIES	$10,000.00	$.00	$.31	$9,999.69	$.00	$.00	$.00
		EQUIPMENT	$20,000.00	$.00	$.04	$19,999.96	$.00	$.00	$.00
111 SUP GROUP			DOLU						
400	121311	SUPPLIES	$10,004.00	$.00	$20,000.31	$9,996.31-	$.00	$.00	$.00
		EQUIPMENT	$20,004.00	$.00	$,4000.04	$16,003.96	$.00	$.00	$.00
HOST ENGINEER			DOLU						
900	244402	SUPPLIES	$10,009.00	$.00	$45,000.31	$34,991.31-	$.00	$.00	$.00
		EQUIPMENT	$20,009.00	$.00	$9,000.04	$11,008.96	$.00	$.00	$.00
1236 OFF BASE CIVL ENG			DOLU						
908	144406	SUPPLIES	$10,009.08	$.00	$45,400.31	$35,391.23-	$.00	$.00	$.00
		EQUIPMENT	$20,009.08	$.00	$9,080.04	$11,008.96	$.00	$.00	$.00
OCCR TOTALS		SUPPLIES	$100,024.61	$.00	$123,052.85	$2[illegible]24-	$.00	$.00	$.00
		EQUIPMENT	$180,024.61	$.00	$24,610.36	$155,414.25	$.00	$.00	$.00
PFMR		SUPPLIES	$200,010.96	$.00	$11.10	$199,999.86	$755.00	$.00	$.00
		EQUIPMENT	$200,010.97	$.00	$.01-	$200,010.98	$.00	$.00	$.00
DIFFERENCE		SUPPLIES	$99,986.35	$.00	$123,041.75-	$223,028.10	$755.00	$.00	$.00
		EQUIPMENT	$19,986.36	$.00	$24,610.37-	$44,596.73	$.00	$.00	$.00

AVERAGE DAILY EXPENDITURE - SUPPLIES $.03 DAYS OF DOLLAR SUPPORT REMAINING 365 OR MORE

- EQUIPMENT $.01- 365 OR MORE

Fig. 17. PFMR/OCCR Update and Reconciliation Report--Reconciliation (7:55)

23 JAN 76 01 4608 DATE 5023 PAGE 396

PFMR/OCCR UPDATE AND RECONCILIATION (969-50/D11)

PFMR MANAGER: JOHN DOE 4036

PFMR STATUS LIST

PFMR		SUPPLIES	EQUIPMENT
673	PRIOR DAY BALANCE	$30,585.94	$15,089.12
	NET TRANSACTIONS	$ 493.97	$.00
	TOTALS	$31,079.91	$15,089.12
	CURRENT DAY ENDING BALANCE	$31,079.91	$15,089.12
	DIFFERENCE	$.00	$.00

	FUND TARGET	OBLIGATED D/O	CUM ISSUES	CUM TURN-INS	AVAILABLE BALANCE
SUPPLIES - CFY	$45,368.00	$.00	$31,710.68	$630.77	$14,288.09
EQUIPMENT- CFY	$14,400.00	$.00	$ 9,335.63	$.00	$ 5,064.37
SUPPLIES - PFY		$.00	$.00		
EQUIPMENT - PFY		$ 873.06	$ 4,880.43		

Fig. 18. PFMR/OCCR Update and Reconciliation Report--
PFMR Status List (7:56)

25 SEP 76 01 4200 DATE 5269 PAGE

PROJECT FUND MANAGEMENT REPORT (970-47M05)

PFMR CODE	532	PFMR MANAGER ID	DE 74228
FUND CODE	30	ADSN	503700
OBAN OR OAC/ASN	6111	SYSTEM DESIGNATOR	01
BUDGET ACTIVITY	09	TYPE PFMR CODE	
DEBTOR CODE	300	DETAIL OUTPUT IND	
SALES CODE	16		

	FUND TARGET	REIMBURSABLE ISSUES/SALES	CREDITABLE RETURNS	OBLIGATED DUE-OUTS	FUND BALANCE	UNOBLIGATED DUE-OUTS	UNCOMMITED BALANCE
CURRENT FY SUPPLIES	$147,000.00	$125,907.66	$2,287.26	$.00	$23,379.60	$40,854.12	$17,474.52
CURRENT FY EQUIPMENT	$ 18,000.00	$ 13,018.70	$ 43.00	$.00	$ 5,024.30	$11,162.68	$ 6,138.38
PRIOR FY SUPPLIES	N/A	$.00	N/A	$.00	N/A	N/A	N/A
PRIOR FY EQUIPMENT	N/A	$.00	N/A	$.00	N/A	N/A	N/A

Fig. 19. Project Fund Management Report (7:57)

The report summarizes the supply and equipment fund status at the RC level, and is a useful tool in monitoring and controlling overall expenditures.

Summary

A summary of the base Operating Operations Budget system, in the area of Stock Fund supplies and equipment, i.e., expenses, is provided in the system outline at Figure 20.

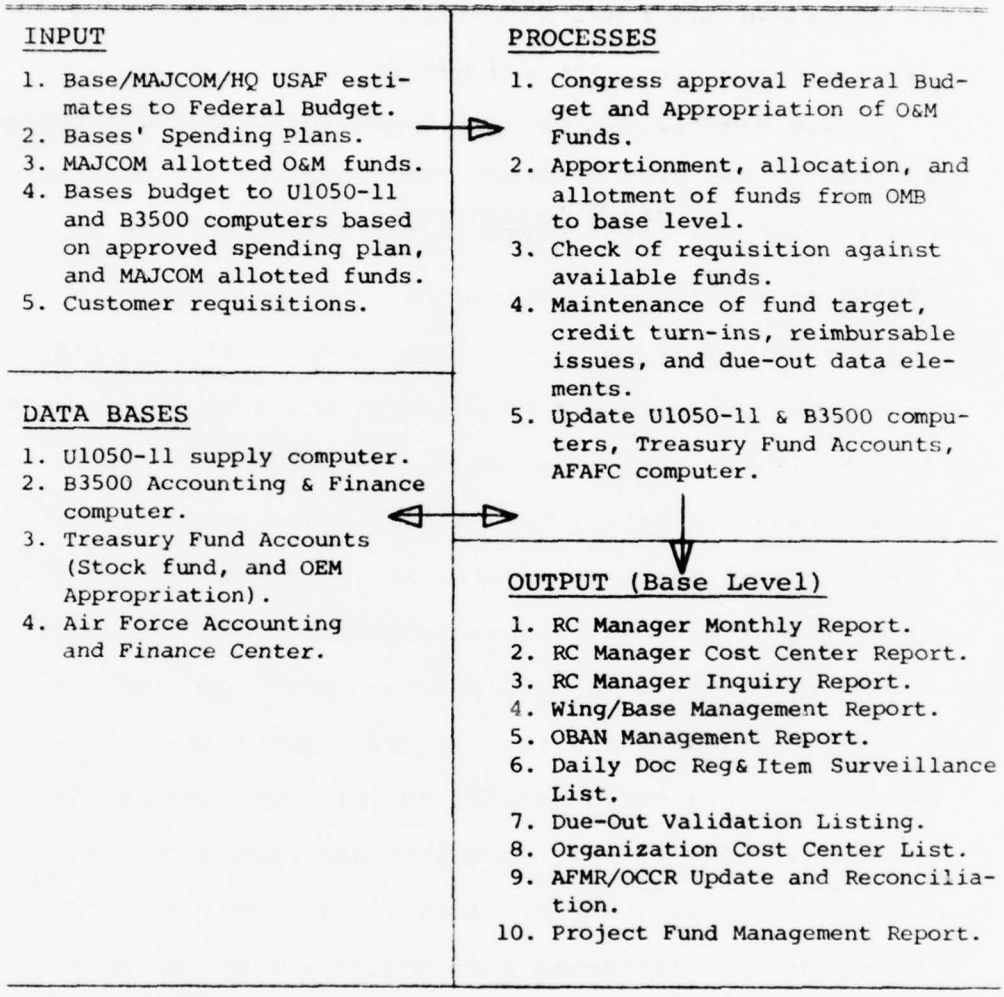


Fig. 20. System Outline--Base Operations Operating Budget System [Stock Fund Supplies and Equipment (Expenses)]

CHAPTER III

COMPARISON USAF AND RAAF SYSTEMS

Range of Equipment

The equipment and supplies included in the base Operations Operating Budget equate to all current "C" class issues in the RAAF, and to some "A" class issues. The "A" class issues that are excluded are Controlled Items, Sealed Items, Maintenance Supply Items, and other end items of equipment costing more than $1,000. As detailed in Chapter I, the exact stock numbers involved are determined by their ERRC code.

The USAF provisions expense items in a manner similar to the RAAF. Both systems are multi-echelon. Expense items in the USAF are procured at the base (retail) level and depot (wholesale) level. A large bulk of the central provisioning performed by Headquarters Support Command (HQSC) in the RAAF, is performed by USAF depots. In summary, the system for the acquisition of expense items is two-tier in the USAF, and three-tier in the RAAF.

In both the USAF and RAAF, expense items may be acquired from or by the base Supply Section, or acquired

from a depot. The USAF operates a computer-based communication network for routing supply demands known as MILSTRIP (Military Standard Requisition and Issue Procedures). The concept is similar to the RAAF system for submitting Supply Requirement Notes to the Central EDP System.

Comparison of Financial Controls

In the RAAF, control of expenditure on supply and equipment items is, in part, monitored at the base level. For items procured by the base, a fund target is established by the regional Accounting and Finance Office (AFO). The responsibility for reviewing actual versus target expenditure, is delegated to the base Accounting Section. Purchase Orders raised by base Supply Sections are reviewed by Accounting Section staff to ensure that sufficient funds exist to meet subsequent supplier's claims for payment. Unlike the USAF, the level of control for these base procured items is only imposed at the base level, i.e., controls, or targets, are not placed on subordinate sections in a manner similar to the USAF base/responsibility center/cost center structure. Expenditure targets are also placed on the off-base organizations tasked with procuring supply and equipment expense items for base level customers. RAAF stores depots receive a target from the regional AFO, and prospective purchase orders are reviewed by depot personnel to prevent

overcommitment. For centrally provisioned items, the fund target is monitored by HQSC. In effect, there are three levels of control in the RAAF compared to one in the USAF.

Another significant difference in the RAAF, is that the authority to incur expenditure against government appropriated funds is placed directly with the procuring agencies, i.e., base supply sections, depots, and HQSC. Unlike the USAF, procuring agencies in the RAAF don't rely on funds being transferred from their customers, i.e., the RAAF does not operate a Stock Fund. The different levels of fund control in the USAF and RAAF are depicted in Figure 21.

Inventory Management Implications

Any discussion of the relative merits of the USAF and RAAF fund control systems must address two issues. Firstly, there are certain psychological, administrative, information feedback, and equitable fund disbursement factors associated with the USAF base budget system which contribute to improved inventory management. Secondly, there is the issue of the interface between the USAF base budget system and the Stock Fund. Superficially, in terms of the impact on inventory management, there appears to be no difference between procuring agencies in the USAF operating against a Stock Fund, and procuring agencies

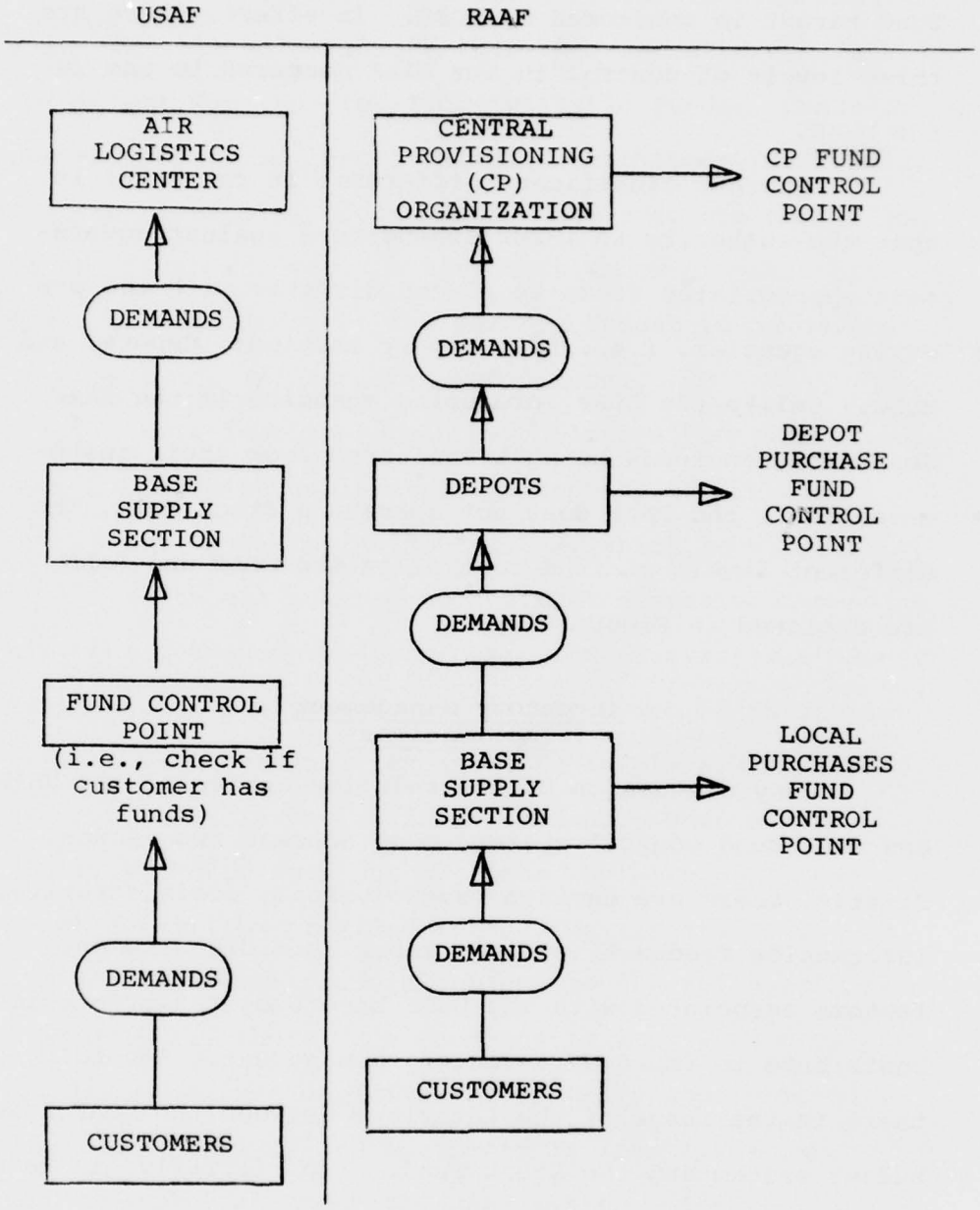


Fig. 21. Levels of Funds Control--USAF and RAAF

in the RAAF operating against the equivalent of an O&M Appropriation. The subject does, however, require more than a superficial assessment. The recommended course of action is that a separate study be made on the subject. The issue is beyond the scope of this thesis.

The involvement of base level personnel in terms of preparing budgets, and reviewing reports detailing targets and expenditures may have a psychological impact which encourages base level customers to minimize supply and equipment demands. The USAF base level customer is regularly reminded of his expenditure level. If RAAF base level customers were aware of their expenditure level, the consumption level might be reduced. The minimizing of demands at the base level would result in reduced O&M appropriations. The psychological impact is reinforced at USAF bases by the fact that base Operations Operating Budgets are not restricted to supplies and equipment. Civilian pay, travel, utility expenses are some of the other resources included in the budget system. A consciousness at the base and customer level that total funds must be spread over various resources may also encourage customers to economize. In both the USAF and RAAF, base level customers have a fixed number of dollars being utilized to procure supplies and equipment. Usage history of those dollars determines future funding. However, exposure to budgets at the customer

level may psychologically inhibit excessive demanding. This pressure helps ensure that the expenditure rate is consistent with the level of available funds. Consequently, there is less likelihood that funds for supplies and equipment will become scarce prior to the completion of the financial year, a situation which promotes bids for a greater share of the Defence budget to be devoted to supply and maintenance expenditure.

More important than psychological considerations, however, are the administrative aspects of the base Operations Operating Budget system, which tend to ensure that targets are adhered to and that excessive demanding will not cause a premature depletion of available funds. Supply Section customers are highly aware of their progress toward targets. Expenditure levels are monitored at each level in the chain of command. When a responsibility center runs out of funds, no more equipment or supplies will be provided (exceeding targets is viewed as poor management and is subject to disciplinary action). Consequently, there is a tendency to stay within targets, and the premature depletion of annually appropriated funds for supplies and equipment is less likely under the USAF system than under the RAAF system. The rate and level of expenditure is monitored closely at the expenditure source. By only monitoring levels and rates of expenditure at the procuring agency level rather than the

customer level, that is bases, depots, and HQSC versus responsibility/cost centers at bases, the RAAF does not have the same degree of control. Base level customer demand rates may not be in keeping with fund targets, but apart from local purchase items, there is no way of obtaining that information in an expeditious manner. The first indication at base level that customers have, as a total, exceeded Air Force funds for supplies and equipment, is when long-term inability advices start to be recorded against demands. In summary, the USAF decentralized system ensures better information feedback and system control because there is more immediate feedback of the effects of demands on available funds. Spending rates are constantly being compared with targets and adjusted accordingly. This immediate feedback and continuous adjustment is not possible in the RAAF.

A second aspect of base Operating Operations Budgets which contributes to improved inventory management concerns the imposition of targets at a very low level in the organization. Improved inventory management helps to facilitate an equitable distribution of supplies and equipment to all customers at the base level. If each customer (responsibility center) is given a target, and adherence to that target is observed, there is in effect a rationing of supplies and equipment. Customers are stopped from taking a disproportionate amount of

supplies and equipment. In the RAAF context, the Barracks Section could acquire twice its normal quota of supplies and equipment to the detriment of a flying squadron. In the USAF, once the Barracks Section has reached its target, all it can do is have due-outs recorded until additional funds become available.

Summary

Both the USAF and RAAF use fund targets to control expenditure on supplies and equipment. The USAF system is more decentralized and controls exist at the lowest levels in the organization, i.e., cost centers at bases. This low level of control facilitates fast feedback of information regarding rates and levels of expenditure to the source of expenditure. Rapid adjustment of expenditure can be made to ensure that targets are met. Administrative procedures ensure a concerted effort is made to stay in target. The net effect is more even use of funds throughout the year, and a greater likelihood that funds will not become scarce which, in turn, necessitates rationing. Psychologically, the administering of budgets at base level may result in reducing the expenditure on supplies and equipment. Base budgets facilitate the equitable distribution of resources between all base supply customers.

CHAPTER IV

ALTERNATIVE METHODS OF INTRODUCING BASE OPERATING BUDGETS INTO THE RAAF

Alternatives

The RAAF has two alternatives regarding base operating budgets. Firstly, the decision can be made to continue with the existing RAAF system. This approach is not recommended because there are substantial advantages associated with operating a base budget system, i.e.:

1. By placing targets at the lowest levels, and by advising those levels of their progress, there is little likelihood that Air Force funds appropriated for supplies and equipment will be inadequate before the end of the financial year;

2. The psychological impact of base budgets may encourage the minimization of expenditure on supplies and equipment;

3. Comparisons between similar responsibility/cost centers expenditure rates and levels may be made in order to legislate against inconsistencies; and

4. Targets facilitate an equitable distribution of supplies and equipment between responsibility/cost centers.

Given these advantages, the second and recommended alternative is that a form of base operating budgets be introduced.

The RAAF could introduce base operating budgets in two forms. One form would be a comprehensive base budget system practically identical to the USAF. Ignoring the interface between the base Operations Operating Budget and the Stock Fund, a system could be devised where the control of expenditure of the equivalent of the USAF's O&M Appropriation fund could be delegated to the base level. The system would then encompass EEICs other than supplies and equipment, e.g., civilian pay, services, temporary duty. The system would require a dedicated computer system at base level, similar to the USAF B3500 computer system. Additionally, the programs and file design currently being developed for the Defence Supply Retail Mini-Computer System (DSRMS) would require modification. This course of action is not recommended. The second form of base budgeting that could be introduced would be one solely related to supply and equipment expenses. This form is deemed advisable because:

1. The DSRMS could possibly, for little expense, be enhanced to accommodate a purely supply and equipment expense budget system; and

2. The successful operation of a purely supply and equipment expense budget would justify consideration

of a larger and more complex system requiring dedicated computers.

Modification of the DSRMS

The current file design for the DSRMS could accommodate a budget system. The Item Data Record (IDR) file is a collection of records, one record for each stock number. Each stock number IDR is linked to a number of subsidiary records. The subsidiary records store details on due-outs, due-ins, and minor accounts, e.g., articles-in-use. Subsidiary records could be designed to store budgetary data for each responsibility and cost center on the base. Suggested budget records are shown in Figure 22.

Once created, the subsidiary budget records would be permanent. The RC Target-Supplies, and RC Target-Equipment data elements would be loaded at the beginning of the fiscal year. When issue transactions occur against a stock number, action would be taken in accordance with the flow chart at Figure 23. The data accumulated in the subsidiary budget records could be accessed to produce reports similar to those detailed in Chapter II. Using the records and record structure described, very little additional file space would be required to run the system. The concept of only having one large Item Data Record file would not be violated. All responsibility center

A--Responsibility Center (RC) Budget Record

RC Code	RC Target-Supplies	RC Target-Equipment

B--Cost Center (CC) Budget Record

CC Code	Issues-Supplies	Issues-Equipment	Credit Returns	Free Issues

Fig. 22. Budget Computer Records

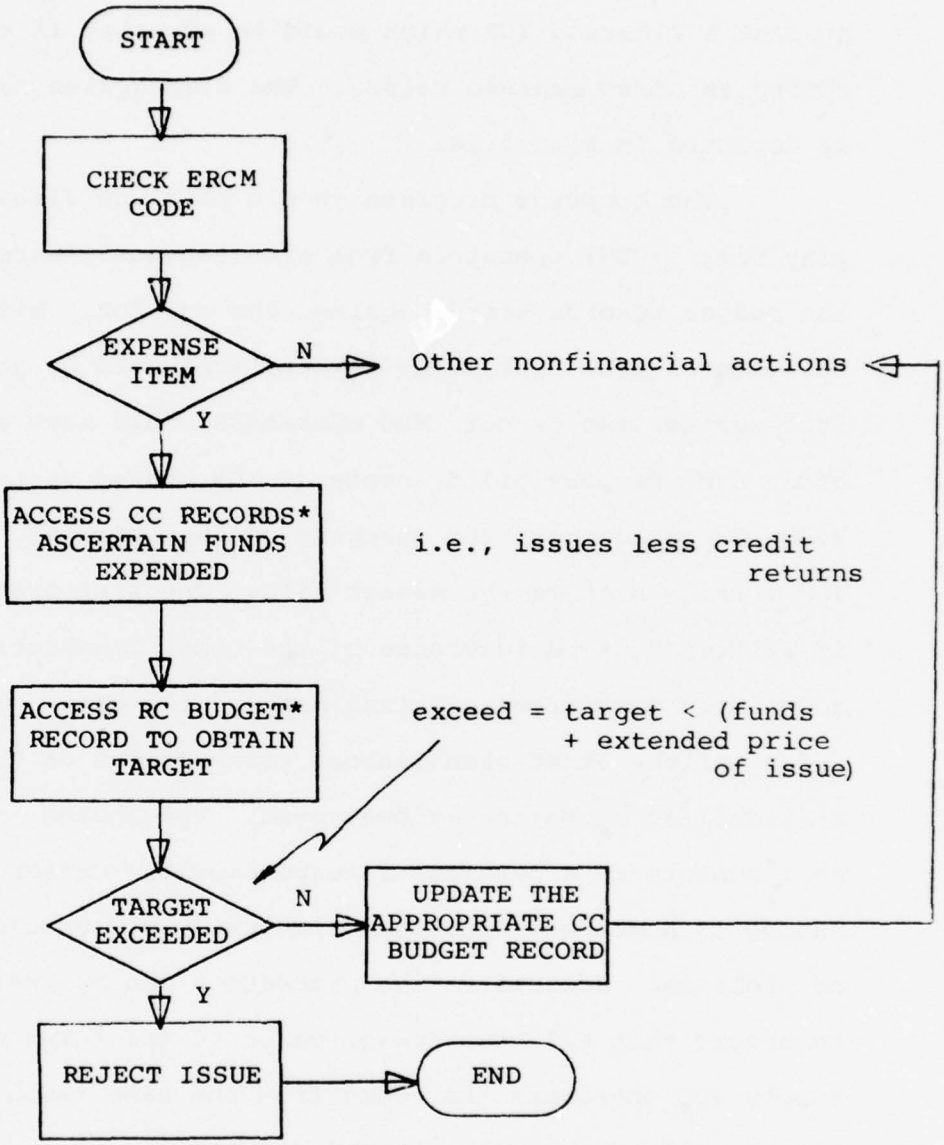


Fig. 23. Updating Budget Records

*Special stock numbers could be reserved, against which all subsidiary responsibility and cost budget records could be stored.

and cost center budget subsidiary records would be stored against a reserved IDR which would be accessed if a transaction is of an expense nature. The file design envisaged is depicted in Figure 24.

The computer programs should preclude Visual Display Unit (VDU) operators from simultaneously accessing the budget records stored against the one IDR. Without this restriction, erroneous information would be generated. For example, two or more VDU operators could have a copy of the same responsibility center's IDR stored in their VDU's working storage for checking of fund targets, updating, and writing back to the master file. The last transaction is written back in ignorance of the other transactions, and simply overwrites existing master file data. The effect of the other simultaneous transactions on the fund availability situation is destroyed. Precluding various cost centers in a particular responsibility center from having transactions processed simultaneously should cause no problems. Administrative procedures can be instituted to ensure that all cost center calls to the forward supply VDU operators that come from the same responsibility center are made by one individual.

Whether the DSRMS can be modified to accommodate a budgetary system is uncertain. The recommended method of storing and accessing stock number IDRs reserved for responsibility budget data is contrary to the current

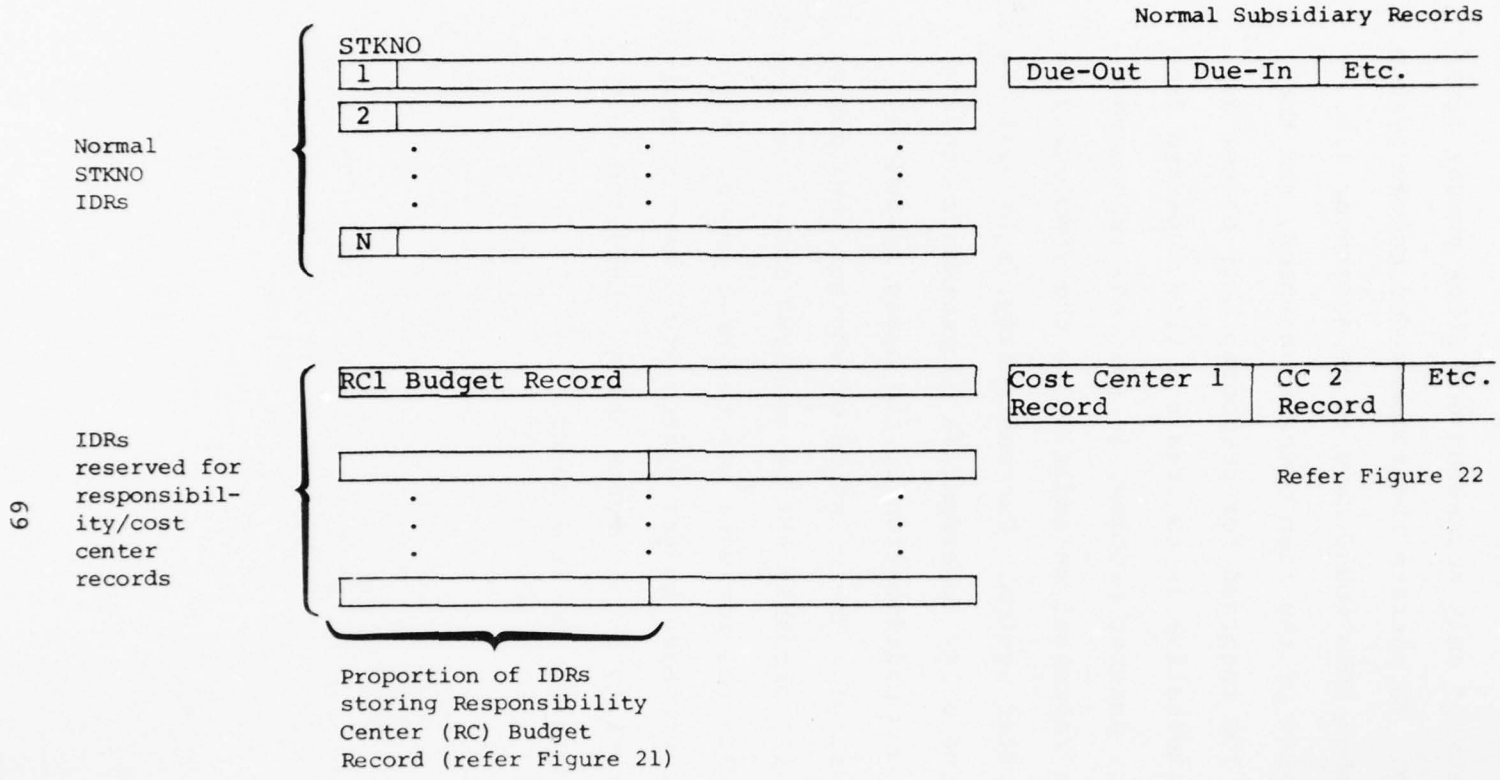


Fig. 24. Possible File Design

programming aim of only accessing one stock number during a transaction. To operate the recommended budget system, two stock number IDRs would have to be accessed, i.e., the stock number of the item being transacted, and the stock number IDR reserved for responsibility budget data. A possible alternative is to create a file separate from the IDR file. Another problem, is that the recommended modifications represent an addition to the complexity of the mini-computer system. Current policy is to minimize complexity, and delay nonessential enhancements pending verification that modification of the basic system is a viable proposition. The question of whether enhancements can be made will probably not be resolved until the system has been operational for some two to three years. Additionally, the proposed budget system would have to compete with other priority enhancements being considered, e.g., automatic update of due-in records.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

Conclusion

The USAF base budget system imposes fund targets for supplies and equipment at responsibility center level. Responsibility centers are subdivided into cost centers, and the U1050-II base supply computer and the B3500 base accounting and finance computer record a commitment against funds at the cost center level. Funds are committed when issues are made of supplies and equipment with ERRC codes which identifies the issue of an expense. When issues are made, the dollar value of the "sale" is transferred from the USAF O&M appropriation to the USAF Stock Fund. The funds transferred to the Stock Fund are used to provision supplies and equipment.

The imposition of fund targets at the lowest organization level ensures that the total Air Force expenditure rate is distributed evenly over the fiscal year. The lack of information feedback to customers at the base level precludes this from occurring in the RAAF. The advantages of the USAF system are:

1. By placing targets at the lowest levels, and by advising those levels of their progress, there is less likelihood that Air Force funds appropriated for

equipment will be inadequate before the end of the fiscal year, i.e., information feedback and system control would improve;

2. The psychological impact of base budgets may encourage the minimization of expenditure on supplies and equipment;

3. Comparisons between similar responsibility/ cost centers' expenditure rates and levels may be made in order to legislate against inconsistencies; and

4. Targets facilitate an equitable distribution of supplies and equipment between responsibility cost centers.

A base budget system could possibly be introduced into the RAAF by modifying the Defence Supply Retail Mini-Computer System.

Recommendations

The recommendations are that:

1. Consideration be given to enhancing the DSRMS so that base budgets for supplies and equipment can be introduced into the RAAF; and

2. The interaction of the USAF base budget and Stock Fund systems, and the method of operating the Stock Fund system, be subject to a separate study because some concepts in these areas may be beneficial to inventory management in the RAAF.

APPENDIXES

APPENDIX A

COMMONLY USED EEICs (7:7)

COMMONLY USED EEICs

EEIC	DESCRIPTION
201.01	Air Force Personnel – Officers
201.02	Air Force Personnel – Enlisted
391	Civilian Personnel Overtime Cost
392	Civilian Personnel Other Costs
393	Civilian Personnel Benefits
407	TDY Expense – ASIF Transportation
408	TDY Expense – Other than ASIF Transportation
409	TDY Expense – Per Diem
421	PCS Expense – Civilian Employees
43X	Rental of Passenger Motor Vehicle
45X	Transportation of Things – via ASIF
46X	Transportation of Things – via Commercial Surface
47X	Rents
48X	Utilities
49X	Communications
52X	Civil Engineer Facility Projects – By Contract
53X	Civil Engineer Services – By Contract
56X	Purchased Maintenance of Equipment
59X	Misc Contract Services
601	Aviation POL (Form 15 Purchases)
603	Missile Propellants, AFSF
604	Medical, Dental, and Veterinary Supplies, AFSF
605	Systems Support Division Supplies, AFSF
607	Commissary, AFSF
608	Clothing
609	General Support Supplies and Materiel, AFSF
61X	Base Procured Materiel – Non–AFSF
62X	AFSF Expensed Equipment (Unit Value Less Than $1000)
63X	Equipment Purchased – Non–AFSF
693	Aviation POL – Non–Flying

APPENDIX B

SAMPLE OPERATIONS OPERATING BUDGET (10:205-206)

DECISION UNIT SUMMARY 84752 (Continued)
INITIAL FY 79/80 OPERATIONS OPERATING BUDGET

ACTIVITY: AFIT(AU)

205

EXHIBIT F (Continued)

SECTION IV - EXPLANATION OF CHANGES IN EXPENSE

AF EEIC	Description	(FY 1977) 2PY Actual	(FY 1978) 1PY Approved	CFY (FY 1979) Part I Funded	CFY (FY 1979) Part II Unfunded	OBY (FY 1980) Part I Funded Minimum	OBY (FY 1980) Part I Funded Current	OBY (FY 1980) Part I Funded Total	OBY (FY 1980) Part II Unfunded Current	OBY (FY 1980) Part II Unfunded Enhanced	OBY (FY 1980) Part II Unfunded Total
609	Supplies, AFSF										
	K03600 (HQ)	54.5	42.0	42.0	31.8	31.0	11.0	42.0		8.8	8.8
	K13600 (CI)	3.7	4.5	4.5		3.5	1.0	4.5			
	K23600 (EN)	105.4	89.7	89.7	38.0	84.9	4.8	89.7		45.8	45.8
	K33600 (LS)	39.5	14.0	14.0		12.0	2.0	14.0			
	K43600 (DE)	17.0	15.6	15.6	1.8	12.6	3.0	15.6		1.8	1.8
	Sub-Total	220.1*	165.8	165.8	71.6	144.0	21.8	165.8		56.4	56.4
	Overearned Reimbursement	(6.4)									
	AFIT Direct	213.7	165.8	165.8	71.6	144.0	21.8	165.8		56.4	56.4

* Reduced by $63.0 for estimated FY 77 expenses applicable to PEC 84751 (Data Automation).

1. Requirements: $165.8

$42.0 - K03600 (HQ). Funds are required to purchase administrative supplies and non-EAID equipment to support the command section and nine other functions that comprise this headquarters. Funds are also required to purchase metals, lumber, paint, plastics, hardware, and other materials needed in fabrication of working models, test gear, and mock-ups in support of student theses and faculty research projects. Included in this requirement are funds to purchase tap, dies, cutter bits, hand tools, and technical and photographic supplies and art materials for the preparation of visual aids, special library supplies, and medals and decorations required by CBPO to conduct day-to-day business.

$4.5 - K13600 (CI). Funds are required to purchase expendable supplies needed in the various administrative offices engaged in monitoring the progress of AF students attending civilian universities throughout the U.S., managing the AF Airman Education and Commissioning Program, administering the Minuteman Education Program at SAC missile wings, and providing administrative support for the Medical Health Care Education Division Program. Also included in this requirement are funds to purchase administrative equipment such as desks, chairs, and tables that need replacements.

(continued)

SECTION III - EXPLANATION OF CHANGES IN PROGRAM DATA

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12)

$89.7 - K23600 (EN). Funds are required to purchase laboratory and administrative supplies as indicated:

$81.5 - For expendable supplies in support of thesis projects, research endeavors, and lab equipment. Also, to purchase blank video tapes for use in academic activities.

$8.2 - For administrative supplies used by faculty, lab, and administrative personnel assigned to EN.

$14.0 - K33600 (LS). Funds are required to purchase non-EAID equipment, video tapes, audio tapes, and miscellaneous office supplies in support of the School. Approximately 65% of these funds are required for audio and video cassettes that are used extensively throughout the school to tape lectures, presentations, and professional conferences.

$15.6 - K43600 (DE). Funds are required to purchase non-EAID equipment, audio and video tape cassettes, training aids, and miscellaneous lab supplies. The lab supplies are used in both experiments and demonstrations in the technical engineering courses. The administrative supplies and equipment will support the school's 48 faculty and staff members.

2. Difference in Fiscal Years: $47.9. The difference between FY 77 and FY 78 is due to two main factors. (1) Expenses for partitions and other supplies and materials required in the relocation of the School of Systems and Logistics and (2) initial expenses to establish two new courses in the School of Engineering.

3. Part II Requirements (FY 79): $71.6

$31.8 - K03600 (HQ). Funds are required for the purchase of supplies and non-EAID equipment that cannot be funded from the current program. Expenditure will be as indicated:

$23.0 - Required for the purchase of initial supplies and equipment for word processing and dictation systems and for microfiching of support records. (See EEIC 473, Automated Text Processing System.)

$8.8 - Required for the purchase of supplies required on a continuing basis to support word processing, dictation, and microfiche systems.

$38.0 - K23600 (EN). Funds are required to purchase lab supplies and non-EAID equipment that cannot be funded from the current program. This amount represents an increase over the FY 78 amount due to the addition of new programs, i.e., Strategic and Tactical Sciences and a new short-course for senior officers, Executive Overview of Current Technology. Requirement for four additional faculty members have been accounted for in this figure.

$1.8 - K43600 (DE). Funds are required to purchase batteries for a portable microphone system received in FY 77, which cannot be funded under the current program.

(continued)

APPENDIX C

MATERIEL EXPENSE MANAGEMENT REPORT CODES (7:43-47)

TRANSACTION IDENTIFICATION CODES

BCE – Civil Engineer Cost Card

BIR – Bulk Issue Reconciliation Card

BSS – Base Service Store/Bulk Issue

BST – Turn–In To Base Service Store

CWM – Civil Engineer Materiel Trans Card – BEAMS

DCC – Document Control Card

DFM – DIFM Detail Change Card

DIT – Due–In/Due–Out Update

DOC – Orgn Due–Out Cancellation/Revalidation

DOR – Due–Out Release Document

DUO – Due–Out (Back Order)

FCC – Condition Change Document

FCH – Identify Change Document

FCI – EAID/In–Use Detail Load, Change or Delete

FCL – Demand Data Output Notice

FCU – Unit of Issue or Unit Price Change

FET – Free Equipment Transfer/Intra Organization

FIC – Item Record Indicative Data Change

FIL – New Item Record Load

FIS – I&S Group Load Change/Delete

FRC – Fund Requirement Card

INQ – Inquiry

IRC – Special Inventory Card

ISU/IRF – Issue Document

KIL – Issue Request Kill Document

RBC – Bench Stock Consolidated Additions

RCA – Repair Cycle Asset Control Data Load Report

REJ – Reject Notice

RVP – Reverse Post Card

SPR – Special Requisition Due–In Detail Update

TIN/IDF – Turn–In Document

TRM – Non–directed Transfer to DPDA (R&M)

FINANCIAL INVENTORY ACCOUNT CODES (FIA):

The following FIA codes are key to cost center managers. Familiarization with these codes will assist you in overall funds management.

For Supply and non–
EAID equipment Items:

FIA Code	DESCRIPTION
330	– Issue of supply items. You have paid the extended cost for these items.
440	– Turn–ins with credit, supply items. You received credit for the extended cost.
570	– Free supply issues.
680	– Turn–ins without credit, supplies.

For Equipment (EAID) Items:

FIA Code	DESCRIPTION
331	– Issue of EAID items. You have paid the extended cost for these items.
441	– Turn–ins with credit, EAID items. You received credit for the extended cost.
571	– Free equipment (EAID) issues.
681	– Turn–ins without credit, equipment (EAID).

For Supply or Equipment:

FIA Code	DESCRIPTION
000	– A triple zero indicates the transaction has no impact on financial records. This is the FIA for due–outs, FC!, etc., indicating your funds are not involved.

EXPENDABILITY, REPAIRABILITY, RECOVERABILITY CODES (ERC/ERRC):

Identifies the item as either supply or equipment and the level of repair. The first letter indicates whether it is a supply item (X) or an equipment item (N). The second letter indicates base repair (B), field repair (F), or depot repair (D). The third digit indicates whether item is high cost (1), medium cost (2), or low cost (3).

Examples:

XB3 – Low cost, expendable supply item.

ND1 – High cost equipment item, repairable at Depot level.

TYPE TRANSACTION PHRASE CODE (TTPC)

These codes are designed to further identify and explain the TRIC/TIC codes.

1A -Item Record – Issue

1B +Item Record – Turn–In

1K -In Use Det – Equipment Turn–In

1L +In Use Det – Equipment Issue

2A -DO Det – Due–Out Release or Cancellation

2D +Add DO Det – Add Increase Due–Out Detail (Issue Request by Organization)

2M -DIFM Det – Partial DIFM Turn–In

2N -DIFM Det – Partial DIFM Issue or Due–Out Release

4A U/I – UP Chg – Unit Issue/Unit Price Change

BUDGET CODES (BC)

BC1 – Indicates System Support Supplies (EEIC 605) purchased with O&M money from the stock fuels.

BC6 – Indicates the Fuels Division (EEICs 641, 642, or 693) for purchase of bulk fuels with local O&M funds from the stock fund.

BC9 – Indicates General Support Supplies (EEICs 600, 602, 609,628) purchased with O&M money from the stock fund.

BCZ – Indicates base procured investment equipment items with a net cost of $1,000 or more, financed by major procurement appropriation 57X3080 or RDT&E appropriation 57X3600.

OTHER ALPHA or BLANK – Indicates usually that items are AFLC funded and are not charged to O&M funds.

AD-A061 289 AIR FORCE INST OF TECH WRIGHT-PATTERSON AFB OHIO SCHO--ETC F/G 5/1
INSTALLING A BUDGET SYSTEM FOR SUPPLY AND EQUIPMENT EXPENSE ITE--ETC(U)
SEP 78 M C COLES

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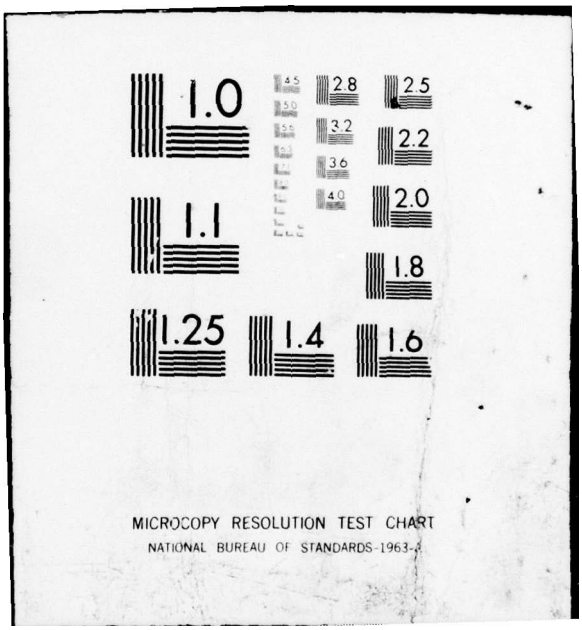
1.0
1.1
1.25
1.4
1.6
2.8
3.2
3.6
4.0
2.5
2.2
2.0
1.8
MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

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